

MAR 9 1943

CREDIT

and Financial Management

MARCH, 1943

MARCH

Monday Tuesday Wednesday Thursday Friday

1

2

3

5

6

8

9

13

15

20

22

23

29

30

26

27



WAR CREDIT CONGRESS — St. Louis — May 25-27

Post War Planning—See Pages 4-7-9-15—Bringing in the Checks, Page 11

Unsolicited Comments

prove the value of

CREDIT TRAINING

by the

Home Study Method

*Just a few of the many appreciative comments from
those who have completed the correspondence
course in Credits and Collections.*

Helen K. Bernard, Charles City, Iowa

"I was pleased to receive your letter with the result of my final examination. I thoroughly enjoyed the course and it has proven very helpful to me in my work."

Baxter Davis, Chattanooga, Tenn.

"Throughout the duration of my course with the National Institute of Credit, my work has been very interesting and I have studied your comments finding them educational and applicable to every day business life."

Ralph Hutchinson, Chicago, Ill.

"May I again express my sincere appreciation for the personal attention you have given them (solutions to problems) and the constructive criticisms offered."

Dorothy I. Kasbee, Cambridge Springs, Pa.

"I enjoyed this course very much and am happy to have completed it successfully. I want to thank you again for your encouragement and thoughtfulness."

C. F. Stephenson, Mansfield, Ohio

"Not only has the course been very helpful to me, but I have derived much benefit from the magazine 'Credit and Financial Management' and Mr. Heimann's letter. . . . Please accept my sincere thanks for the help you have given me in this course. . . . Thank you very much for your comments on my form letters. They were helpful in making up a new set for actual use."

Charles Regensburg, New York, N. Y.

"It was time well spent, I feel, and have already found the knowledge gleaned of real service and value. . . ."

M. N. Gilbert, Standard Oil Co., Huron, S. D.

"There is certainly a great deal to be learned from the course in Credits and Collections and I will not hesitate to recommend it to any whom I can interest in this work. I feel that I have been well repaid for the time and effort and expense devoted to it. . . ."

"I assure you that I have appreciated the help you have given me in this work and value the comments received in your letters and have kept each of your letters for future reference."

THE NATIONAL INSTITUTE OF CREDIT

One Park Avenue, New York

Please send me full information about your course in Credits and Collections.

Name

Street

City State

CREDIT

and Financial Management

Contents for March 1943

Are "PX" Credits Safe? (Editorial)	Henry H. Heimann	2
Some Aspects of Post-War Business	Clark H. Minor	4
Needed—A Shock Absorber for Peace!	Paul Fitzpatrick	7
Postwar Goals for Americans	Margaret R. T. Carter	9
The Psychology of Credit Letters	Helen M. Sommers	11
Constructive Credit for Small Business	William Sheperdson	15
Credits in 1943	H. W. Adkins	20
Judgment Against Bank in Credit Inquiry Case Is Reversed		22
Regulations for Materials Plan Are Announced		25
How Credit Interchange Conserves Credit Manpower	H. C. Jackson	28
New Business Books		31
News About Credit Matters		33-37
Calendar of Tax Dates for March and April		38
Business Thermometer		39, 40
<i>A Survey of Trends in Manufacturers' and Wholesalers' Activities</i>		

Cover: "Uncle Sam's Pay Day." Photo by Frederic Lewis, New York City

Official Publication of National Association of Credit Men

Chestnut at 56th St., Philadelphia, Pa.

One Park Avenue, New York, N. Y.

Richard G. Tobin
Editor and Manager

Paul Haase
Associate Editor

Clifford T. Rogers
Advertising Manager

ESTABLISHED 1898

VOLUME 45, No. 3

Published on the first of each month by the National Association of Credit Men, Chestnut at 56th Street, Philadelphia, Pennsylvania. Entered as second class matter December 22, 1933, at the Post Office at Philadelphia, Pa., under the Act of March 3, 1879. Subscription price \$3.00 per year 25c per copy; Canada, \$3.50; all other countries, \$4.00 postpaid. Copyright, 1942, National Association of Credit Men. The National Association of Credit Men is responsible only for official Association statements and announcements printed herein.

Are "PX" Credits Safe?

C Understandable concern has been expressed about the role of post exchanges which are operated in connection with service camps. In this regard a recent development is of interest, for it has been announced by the officials of the Army Exchange Service that new steps have been designed to eliminate "PX" activities which compete with civilian retail trade.

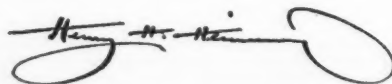
From the credit standpoint it should be kept in mind that while each "PX" unit is an instrumentality of the government, it can nevertheless be sued since it is not operated with public funds nor are its purchases made on behalf of the government.

The assets of the post exchange, in other words, are available to creditors for payment of accounts.

It should also be noted that neither in this nor the previous war is there any known case of a creditor losing money because of a failure on the part of a post exchange to meet its obligations. This is at least partially due to the strict control of post exchange operations through official regulations which require, for example, a high state of liquidity and the prompt discharge of accounts payable.

In considering the credit standing of post exchanges from the standpoint of a sudden ending of the war, it is well to understand that, besides the liquid condition which the regulations require of the post exchanges, the type of merchandise handled should be rather readily marketable at any time without serious loss in value. Consequently, accounts owed to creditors should be met in full and within a reasonable period.

There is the additional possibility that the war will not end abruptly on all fronts. The corresponding likelihood that we will in the future maintain larger standing armed peace-time forces than in the past is also a factor to be considered by credit management in evaluating credit responsibility of post exchanges.



Henry H. Heimann



FIRE INSURANCE IN THE WAR

As the guns of our fighting men blaze on the battle fronts from Africa to the South Seas, fire insurance continues to play a vital role on the home front.

Months before our entrance into the war, the "industry which protects other industries" had quietly and effectively thrown its inspection and engineering facilities into the task of helping to safeguard the industrial plants of the nation from sabotage and carelessness. Losses in manpower and essential materials which would have been equivalent to serious military reverses have thus been prevented; substantial savings to taxpayers likewise effected.

Further, the agents and brokers of the fire insurance industry are bulwarks of strength on the civilian front. Without thought of profit to themselves, agents, brokers and companies alike have shown, in handling millions of dollars of War Damage insurance, how an essential industry can be mobilized effectively to carry on a vital war function in cooperation with the government.

Moreover, insurance in all its phases is being maintained in our national life, thus strengthening civilian morale on a vital home front and permitting greater concentration on the war effort. Insurance dollars are going into U. S. Treasury Victory Loan Bonds and the securities of war industries, thus helping to buy guns, planes, tanks, ships.

Finally, we take deep pride in stating that 35% of the male employees of The Home Insurance Company are now with the armed forces.

★ ★ ★

We submit herewith our annual statement. This year the figures are especially important, for they reflect a year of insurance in war time. Behind the dollars and cents lies a human story of even greater significance.


President

★ THE HOME ★ Insurance Company NEW YORK

FIRE • AUTOMOBILE • MARINE INSURANCE

THE HOME, THROUGH ITS AGENTS AND BROKERS, IS AMERICA'S LEADING INSURANCE PROTECTOR OF AMERICAN HOMES AND THE HOMES OF AMERICAN INDUSTRY

STATEMENT December 31, 1942

ADMITTED ASSETS

Cash on Hand or in Banks and Trust Companies	\$ 20,215,068.12
United States Government Bonds	12,378,338.50
All Other Bonds and Stocks	71,248,522.76
First Mortgage Loans	383,779.32
Real Estate	3,879,315.95
Agents' Balances, less than 90 days due	7,666,305.78
Reinsurance	
Recoverable on Paid Losses	1,076,289.00
Other Admitted Assets	135,861.61
Total Admitted Assets	\$116,983,481.04

LIABILITIES

Reserve for Unearned Premiums	\$ 49,707,620.00
Reserve for Losses	11,017,422.00
Reserve for Taxes	4,521,522.00
Reserve for Miscellaneous Accounts	813,505.75
Funds Held under Reinsurance Treaties	59,045.61
Total Liabilities Except Capital	\$ 66,119,115.36
Capital	15,000,000.00
Surplus	35,864,365.68
Surplus as Regards Policyholders	50,864,365.68
Total	\$116,983,481.04

Note: Bonds carried at \$3,447,281.00 amortized value and cash \$50,000.00 in the above statement are deposited as required by law. All securities have been valued in accordance with the requirements of the National Association of Insurance Commissioners. On the basis of actual December 31st market values, total Admitted Assets would be increased to \$120,423,617.78 and Surplus to Policyholders would be increased to \$54,304,502.42.

DIRECTORS

LEWIS L. CLARKE	WILLIAM S. GRAY	CHARLES G. MEYER
WILLIAM L. DEBOST	WILFRED KURTH	
EDWIN A. BAYLES	GORDON S. RENTSCHLER	
ROBERT GOELET	HERBERT P. HOWELL	
FRANK E. PARKHURST	GEORGE MCANENY	
GUY CARY	HAROLD V. SMITH	HARVEY D. GIBSON
	FREDERICK B. ADAMS	

Some Aspects of Post-War Business

How Will World Peace Affect the United States?

When we consider post-war problems we enter the realm of speculation, until one is reminded of a quotation from the Bible: "Abraham went out, not knowing whither he was going." We have, however, certain tangibles to tie to, of which no one can be more aware than the members of the National Association of Credit Men.

When this war is over we shall have either a capitalistic system under which capital can earn a sufficient return to justify venture and risk, or a bureaucratic system run by the Government.

This country has been developed by private capital and hard work. Our future for domestic and international commerce depends on restoring private capital to its proper place with full employment of labor and fair wages, and with a burden of taxes that enables able management to make a fair return on the private investor's savings.

Labor and management have a common interest in the maintenance of the free enterprise system. Naturally, the Government may not and should not disinterest itself from the functioning of the free enterprise system but must limit its activities to insuring that no group, in pursuance of its selfish interest, injures another group or prevents the expansion necessary to an ever higher standard of living.

State Socialism by Default?

IT is from this basis that we must approach the problem of reconstruction of commerce. There need be little fear that in this country we shall turn to a system of state socialism unless we slide into this morass by inertia and ignorance. Therefore, for our domestic economy the first problem is the conversion of our present stupendous war production into an equally efficient machine

By **CLARK H. MINOR**, President
*International General Electric Co.,
New York*



for peace. The initiative for this conversion must come from private enterprise. It is the duty of private enterprise not only to develop the plans which will give the desired result, but also to make such plans so understood by the man in the street and by the responsible leaders in government that there will be no choice but to accept them.

These plans must be specific and immediately practicable. They will call for action on the part of business men. They will also require action by our national legislators and executives, for such plans will require drastic modification of many of the laws and regulations under which we are now working—particularly in the field of taxation and government financing. Since business prosperity depends upon consumers, these plans will have to be drawn on the basis

of the broad interests of the whole nation, as only in this way will the self-interests of private enterprise be best served. Therefore, the approval and cooperation of labor is essential to any return to the methods which have brought our standards of living so high.

We can be very hopeful that such plans will be evolved and will be put in practice when we are aware of the many competent bodies which are so diligently attacking the problem.

How World Peace Affects Us

IT would hardly seem necessary to point out that world peace and stability are conditions essential not only to world growth and expansion but to our own happiness. When we look over the economic record of the past and see the ravages caused by war (not only in human suffering, but in the economic repercussions that follow inevitably) we must be convinced that the establishment of permanent peace would be so beneficial to every inhabitant of the world that there is hardly any immediate sacrifice which we could be called upon to make which would not be repaid a thousand-fold.

Obviously, world peace cannot be accomplished, or even the first steps made toward that goal, without the active participation of the United States. To think otherwise would be to believe that a private citizen could assure himself against the depredations of burglars, murderers, and cut-throats and protect himself from fire without contributing to the maintenance of the F.B.I., the local Police Department and the local Fire Department.

If we shirk our responsibilities in this respect, then we cannot complain if, to defend our interests, we become embroiled in a new world war. We may have had no direct part in setting off such future con-

flagration, but we shall have failed to take those steps in our own self-interest which might have prevented it.

Not a Party Issue

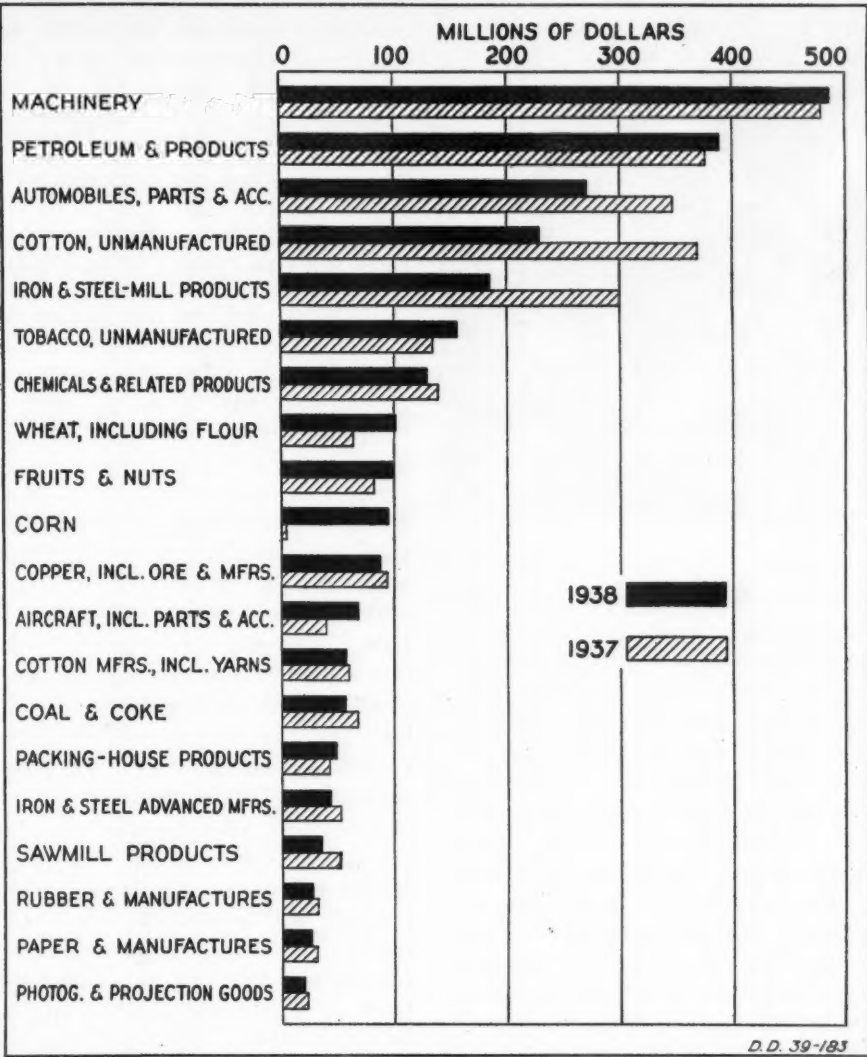
ADVOCACY of such a participation in world affairs on the part of our Government is not the property of any political party. Advocacy (and opposition) of America's taking its rightful world place has cut across political party lines. The roster of advocates for such a policy includes not only our present Democratic President, but Wendell Willkie—not only President Wilson, but Taft, Root and Hughes.

We have supported and continue to support many globe-encircling organizations. Our country was prominent in the International Court at the Hague; we are signatories to many conventions such as the Postal Union. We have participated in the International Labor Office; and no one will deny that these participations have been beneficial to us. Why, then, should we fear continuing on a broader path pointed out by so many of our great men of the past?

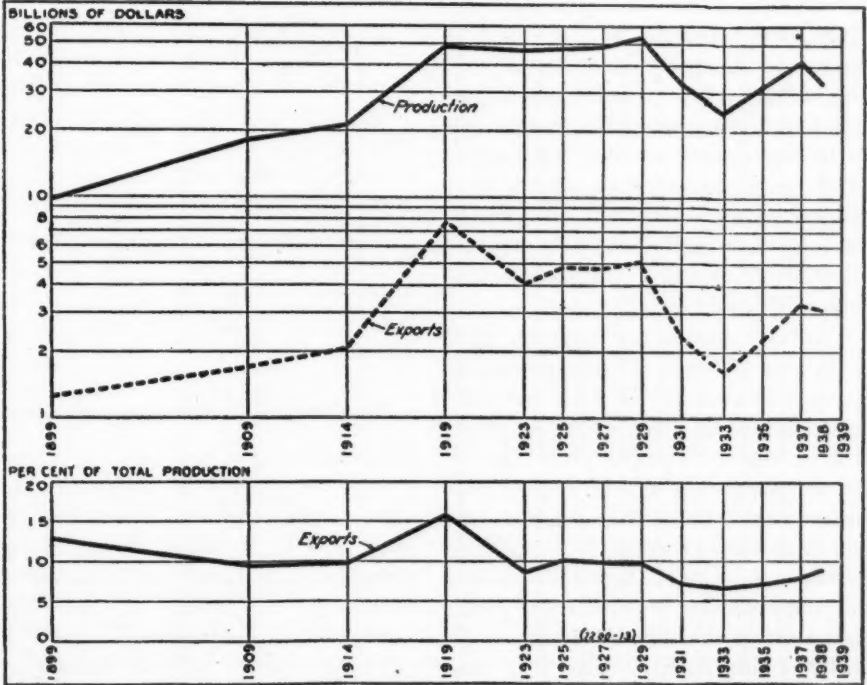
A third essential to the proper reconstruction of the post-war world is keeping the flow of international trade free from artificial obstacles and barriers. In the period of the troubled years between the two wars all those who have had occasion to give thought to the matter have had occasion to give thought to the matter have learned what should have been obvious to all—that a country cannot export unless it imports.

We Are Not Self-Sufficient

WE have further learned that if the country is to maintain its progress in relation to the rest of the world it cannot be self-sufficient. Rich though this country is, we are now having brought home to all of us how dependent we are on products of other countries—such as rubber and tin, to mention only two. To think that self-sufficiency can ever be obtained is a chimera, for when we have properly developed our production of artificial rubber and other substitutes we will find that some new foreign invention, some new foreign product not available within our boundaries has become essential if we are to advance with other countries.



Above: Chart by Bureau of Foreign and Domestic Commerce showing exports of leading United States commodities in 1937 and 1938. Below: Chart by same Bureau showing changes in Production and Exports, 1899 to 1938 and per cent of Exports to Production in same years.





We have also learned—particularly in the thirties—that bilateral trade carries with it such disadvantages as more than outweigh the advantages which it was thought would be gained when such a policy was instituted. Each time in the past when bilateral trade has become the rule of any country its repercussions have been felt throughout the world. These repercussions reduced the volume of trade—therefore, the amount of employment and the standard of living. Inevitably, the process spread until its influence was so felt by the offending country instituting bilateralism that new and drastic restrictions had to be undertaken.

War Has Brought Changes

NATURALLY, the war has brought new restrictions, new controls of trade, new channels of trade, new products, and changes in the economic centers of gravity of the world. High speed communication has eliminated distance and put us in the closest contact with areas which were formerly so distant they had no reality. We will find, therefore, that in many important ways the coming of peace will bring us a new world.

That we and every country may enjoy the fruits of the particular aptitudes of other nations, of their particular natural resources, requires that no barriers shall be placed in the way of our access to such fruits. This means intelligent and courageous action with respect to tariffs, exchange regulations, and all the multifarious and unnecessary impediments which now restrict the flow of goods. To those in this country who fear that

such increased flow of goods and services throughout the world may adversely affect our economy, one can point out without fear of contradiction that in the past the economic development of every country has resulted in a greater demand for goods from abroad.

Our Foreign Trade Is Not Large

NO doubt, a freer world trade will alter the characteristics of our export and import business, and therefore our internal economy. Such alterations, in view of the relative insignificance and the volume of our foreign business compared to our domestic business, would not be appreciable—particularly in view of the many other changes in our internal economy which will follow this period of war. With the particular skills that our industrial organization has developed it is inconceivable that by and large we cannot compete with other nations as successfully in the future as we have in the past.

No doubt, the bugaboo of low wages and low standards abroad will be raised again and again. This bugaboo will be removed when other nations more nearly approach our standards. We can aid such countries in improving their conditions by freer trade. However, that the problem is more imagined than real is easily determined by consulting the figures for American imports and exports, which indicate that the bulk of our business has always been in the past with those nations most industrialized and enjoying the highest standards of living.

Above all, our country has the least to fear from being a leader toward freer world trade. With our total foreign business representing such a small percentage of our total trade, and with our resources of such great richness, we are surely the best situated to take the lead in a program benefiting not only ourselves directly but all other civilized nations.

Reciprocal Trade Agreements

IN this essential program of increasing world trade the National Foreign Trade Council is leading the way, and its Foreign Trade Reconstruction Committee has adopted the following resolution as the first fundamental requirement for developing prosperity at home and

satisfactory business relations with other countries:

"It is the opinion of the members of the Foreign Trade Reconstruction Committee of the National Foreign Trade Council that the policy of the Reciprocal Trade Agreements Act should be continued, under which the Government would have adequate authority, commensurate with the magnitude and importance of the task, to negotiate and make effective agreements for the reciprocal and selective reduction of tariffs, and other barriers to trade, including quota restrictions. Our Government's traditional policy of insisting upon equality of treatment with other nations in foreign countries should be maintained.

"The Reciprocal Trade Agreements Act is in full accord with the principles of the Atlantic Charter and the objectives set forth in Article VII of the Anglo-American Agreement of February 23, 1942. Its renewal is essential for the economic well-being of the United States and to enable this country, in its own interest, to render maximum assistance in the rehabilitation of international trade in the post-war period. A well balanced and enterprising international commerce, conducted on a fair and non-discriminatory basis, will increase the purchasing power, improve the standard of living of all parties concerned and so help to create the sound economic foundation so indispensable for an enduring peace."

Views of Our Soldiers

FORTUNATELY, we may hope that when our armies return victoriously from the field, the men who
(Continued on Page 27)



Needed—A Shock Absorber for Peace!

What Will Happen When War Production Stops?

EN

From September, 1939, until Pearl Harbor, American industry progressively, if only partly, prepared itself for the impact of all-out war. Twenty-seven months of gearing up the "arsenal for democracy" still left a large proportion of our industrial thought centered upon maintenance of all-out production for peace with war production to be super-imposed thereon.

Since Pearl Harbor, the conversion to all-out war production has proceeded at a typical American industrial tempo. Peace goods production has contracted proportionately. By the end of 1943, the industrial and economic machinery will be overwhelmingly dedicated to war. Until complete victory, there can be no progressive slowing down of war production comparable to the stage-by-stage slowing down of peace production during 1939-42.

Uncle Sam is the sole customer for war production.

What will happen to the industries 100% devoted to war production when peace "breaks out"—on some unpredictable future "November 11th?"

Some of the country's best brains are puzzling over the innumerable effects of peace. Post-war planning committees are springing up like mushrooms. Grandiose plans of running the world under lend-lease sanctions contrast with those who would have us crawl into our shells and let the rest of the post-war world stew in its own juices. Out of it all will come some pattern of a world economic machine that will work.

Comparison With Former War

WE will report on these developments as reportable progress occurs. But the purpose of these notes is to present a few very concrete facts—an inevitable conclusion of the most disturbing character—and a proposal for a simple remedy.

By PAUL FITZPATRICK

Administrative Vice President, American Arbitration Association

The major facts are these:

a) In World War I, the U. S. A. expended about \$21 Billion.

b) This sum included the direct cost of Army and Navy recruitment, training, transport and combat and return to peace-time pursuits of about 4,000,000 men. It included the cost of purchasing every item that went into the making of the war.

c) It included the cost of terminating the uncompleted contracts of the Government outstanding with industry when peace came. These uncompleted contracts involved over \$6 Billion for the Army alone, and came to a total of \$7½ Billion.

d) No one knows how much industry had already expended in connection with these contracts.

e) It is clear, however, that the settlements made by the Government averaged 13 cents on \$1 of the amounts claimed by the contractors.

f) Most of the claims which were settled by acceptance of the Government's proposals were cleared up in about 2 years.

g) Those, where disputes between the contractor and the Government departments and their numerous settlement boards involved sums that the contractor could not waive without irreparable injury to his financial solvency or security, went to suit—about 3,000 of them in the Court of Claims alone.

h) It took an average of 3½ years to settle these claims through litigation.

i) Some took 24 years (such as Bethlehem Steel, whose claims for \$12,000,000 was settled in 1942.)

j) Some have never been settled.

k) All of them together affected a relatively small percentage of the total industry of the country.

l) But every participant and ob-

server will recollect the shock administered to the economic machine by the 1918 stoppage of war production, though only a relatively small fraction of our total industry was involved.

Billions More in This War

NOW, let us make a brief survey of the present and the clearly foreseeable comparable facts at the end of the present war—even if it were to end as early as November 11, 1943.

a) We had spent \$62 Billion to November 30.

b) We are spending \$7½ Billion per month—at the rate of \$88 Billion per year. We propose to spend \$109 Billion in 1943.

c) We have spent and are committed to a present program of \$240 Billion.

d) Absorption into war production of our industrial plants now encompasses whole industries, practically every unit which in peace-time produces capital goods or consumers' durable goods.

e) One commercial unit of one industry holds more contracts than the Army had outstanding with all of the U. S. manufacturers at the end of the last war.

f) When peace comes again, the problems of reconversion to peace-time production will not be spread over months and years of gradual change, as were the problems of conversion to the war basis.

g) Peace will hit our war-time industry and our national economy with the impact of a head-on collision.

h) No one will be to blame. No statesmanship can avoid this impact. It is an unavoidable fact—as certain as though it had already happened.

i) All we can do is to separate the problems into its component parts, analyze each part, and devise the best possible shock-absorber to fit that part.

The American Arbitration Association maintains a national system of commercial and labor arbitration through three branch offices and over a network of 1600 cities.

It also maintains an Accident Claims Tribunal which is, in effect, a small claims tribunal and supports an Inter-American Commercial Arbitration System and a Canadian-American System

The Association's National System embraces the services of some eight thousand volunteers—the members of its National Panel of Arbitration who serve without compensation in the cause of arbitration. Its facilities extend over 21 American Republics.

The Association has also established a War Service Unit and through its tribunals and other facilities is helping defense industries settle disputes that might impede war production.

There may be as much as \$100 Billion, even \$150 Billion, of partially unfulfilled contracts outstanding on the day peace comes and cancellations are ordered.

An unpredictable portion of whatever amount is outstanding will have been spent or committed for by the prime contractors—with suppliers and sub-contractors. There are at present several million such contracts, the actual number and value a war secret.

How Big Is the Problem?

CANCELLATION of the prime contracts will involve not only the prime contractors but the thousands upon thousands of concerns engaged in sub-contracts or in supplier activity. An avalanche of facts will have to be determined—quickly and fairly, before any equitable settlement of these contracts can be proposed by anybody—in or out of Government.

The bottlenecks that developed in getting decisions made during the program of building the country's war-machine will look like open sluices compared to the bottlenecks that will develop in unscrambling the situation—if the burden of determining the essential facts in each case is thrown upon bureaus and boards such as the various departments set up at the end of World War I.

Similar delays at the end of this

war can, irrespective of every other factor, such as the equity of these decisions regarding facts, threaten the solvency of the whole private enterprise system.

Government "Help"

GOVERNMENT "reconversion loans" may cushion some of the shock, but involve the system in a staggering mortgage debt held by the Government, with all the implications that would follow control of industry by a single creditor, whose political character can change every two years and whose administration can be wholly changed every four years.

Litigation of disputes regarding contract settlements that cannot be effected by negotiation will not take the 3½-year average of the last war. No one can accurately estimate the delay, but if it took 3½ years average to settle 3,000 cases growing out of a "paltry" \$7½ Billion of claims, one can make a fair surmise of what will happen in the courts if their calendars are suddenly swollen by a thousand per cent increase over the maximum of World War I case loads. And it is no exaggeration to estimate that in 9 cases out of 10, the question of the time it takes to reach settlement with the Government will be a matter of

corporate life or death to the contractors involved.

The country's productive minds are focused on the winning of the war. That is where they should be—and must be if we are to win the war in the quickest possible time with the irreducible minimum loss of life.

Much thought is being given in other high quarters to the problem of steering the economic machine into the new courses it may, might, or must take in the reconstruction period after peace is organized.

Peace Needs Engineering

BUT some heed should also now be given by somebody to the planning of the technique for reversing the engines of our entire economy on the "X-day" of armistice when the telegrams of war contract cancellation belch forth to American industry. This stoppage, if clumsily performed, can strip every gear in the economic machine, subject the nation to a veritable Pearl Harbor of Peace. Such a catastrophe is as needless as it would be brutal and stupid. For the time element of delay can be reduced to a fraction. The equity of every situation can be resolved with great speed. The financial, physical, mental and nerve-racking bottlenecks can be replaced with a decentralized, expert, impartial and patriotic service of settlement through the relatively simple adaptation to this problem of the technique that has been successfully proven in the settlement of contract claims in every other field.

Arbitration—"Shock-Absorber"

THE principles of arbitration will protect the whole country, including the government administrators as purchasing agents, the taxpayers as the final purchasers, the contractors, their millions of employees and stockholders—everyone, directly or indirectly involved in seeing that the stopping of the war machine does not wreck the engine on which we must depend to win the peace.

Can we apply the lessons the war is so painfully teaching us? Can we translate "preparedness" into a dynamic concept of action to meet the peace when it "breaks out?" Can we spare ourselves another post-mortem on failure—on thinking too little, and too late?

These are the questions that face every American for today and tomorrow!

Postwar Goals for Americans

A Further Review of Twentieth Century Trends Study

By MARGARET R. T. CARTER
Twentieth Century Fund,
New York City

Ask 130 million people what we are fighting for and you'll probably get 130 million answers.

But running through those answers will be several themes, which represent generally what most of us want to see after the war. In *Goals for America*, his new report to The Twentieth Century Fund, Stuart Chase describes these themes in terms of minimum living standards for all Americans and puts the under-structure of fact beneath the goals we're after.

Just now our economy is running full blast for wartime needs. Full employment, capacity production, drastic restrictions on civilian consumption . . . these we all know. Where shall we be when the war ends? What will our productive plant be like? Stuart Chase describes it briefly: a vast force of trained workers in war industries to be demobilized and shifted to peacetime occupations; a greatly expanded industrial plant; machine tools in great profusion; an agricultural plant producing crops of high nutritional value and capable of supplying far more than our own population; a very great increase in electrical energy.

Many Postponed Wants

AGAINST these productive resources Chase sees "a vast budget of postponed wants to be filled—houses, clothing, automobiles, tires, radios, washing machines, durable consumers' goods of all kinds, with stored up consumer purchasing power to buy them"; overseas demands for American food, supplies and industrial equipment; an "imperative demand for public works neglected during the war—conservation, hospitals, highways, schools, water systems, sewer systems, irrigation, transport facilities and the like; a promise of freedom from want to be redeemed."

"Failing a very long war which

erodes away much of the plant, the outlook in physical terms is encouraging. There should be no material reason for not carrying American civilization forward as well as supplying many victims of the war beyond our borders. We shall be physically equipped to do both."

But, asks Mr. Chase, "Shall we be mentally prepared? Are we going to be flexible enough as a people to adjust our concepts so that these strong physical elements can be fully used?"

Better Military Protection

IN wartime, the democracies have created full employment and given to their citizens a sense of belonging to the community. After the war this process must go on permanently. Every one of us is concerned for the survival of our community. What will this mean in the postwar world? First, declares Mr. Chase, we will demand adequate military protection. How large or small a military establishment we need will depend on the outcome of the war and the kind of international agreements that are reached.

Next, comes the abolition of chronic unemployment. "No nation which ignores this problem will have much of a chance in the postwar world. Full employment . . . refers to a condition where every citizen who wants a job has the opportunity to connect with one, within a reasonable time, and with reasonable effort on his part." The third task is "the establishment of minimum standards of well-being for the entire population, so that citizens will feel reasonably secure, and equally important, will be kept in physical and mental health." A fourth task is "to hold natural resources at par so far as is physically

possible. A nation which runs through its soils, forests, grasslands, watersheds, minerals is certain to face a terrible day of reckoning."

What Are Minimum Standards?

WHAT are the kinds of minimum standards of well-being Mr. Chase declares are essential? He lists our basic needs which he calls the Big Five. They are food, shelter, clothing, health services and education.

Take this question of food. Approximately one candidate in two was rejected during the first year of Selective Service because of failure to meet physical standards. Doctors agree that a great many of these rejections were due to poor food. Paul V. McNutt has estimated that 75 per cent of us need better diets, and that some 40 million Americans are living below the diet danger line. Scientists after years of study have found that the human body needs an adequate quantity of energy-producing foods, around 2,000 to 3,000 calories a day for an adult, and a balanced diet which provides forty essential chemical substances, such as iron and calcium, some in small amounts.

Mr. Chase points out that some of us have been getting enough to eat, but not enough of the right things; others of us have not had enough to eat, right or wrong. We are growing enough in quantity to provide adequate diets for everyone, but the crop pattern may be shifted. If we provide our nation with the best diet we can, Mr. Chase sees these shifts in agricultural production without any material increase in employment as: a reduction in the acreage of wheat and cereal crops, an increase in hay and feed grains, an increase in truck crops, an increase in milk cows, laying hens, hogs, sheep and chickens.

On the question of housing, Mr. Chase says our standard for adequate housing roughly covers: a well-built

structure of reasonably good design, which can be kept adequately clean and can be warmed in winter where climate demands it; space enough for children to play; minimum equipment for sanitation, including pure water, bathing and toilet facilities; electric lighting and refrigeration in most cases, and for most families a telephone; simple and substantial furnishings, which he says may mean a great future for metal furniture produced in converted war plants.

The United States Census of 1940 reports that almost half (49.2 per cent) of all American houses needed major repairs or had no bath or both. Various experts have estimated that for the decade after the war if we are to have adequate shelter for all Americans, we will need a building program between one and two million units a year. Mr. Chase declares that this "will make the biggest single demand upon man power of any project on the horizon—the largest pool for postwar work. . . . It may mean two or three times the labor force which was building houses in 1940 when 600,000 units were constructed."

As to clothing, Mr. Chase points out that we need clothing to protect us from cold, from hazards of various occupations, and because people expect us to be properly clothed—and we all like to make a good appearance. This last criterion is a rather elastic one—depending on where we live, how much money we earn, and what kind of jobs we do. But a federal agency estimated in 1939 that if everyone in the country could buy as much clothing as a family living on an income of \$1,800 a year now buys (and that doesn't mean mink coats or anything like it), production would have to be raised about 10 per cent. Under shoe rationing, every person is entitled to three pairs a year, which is more than each of us averaged in a normal peacetime year.

The Health Problems

ONE of our major problems is health. Those Selective Service rejections showed that we were in grave need of better medical care. For many of them were due not only to inadequate diet but also to insufficient medical, dental, clinical, hospital and public-health attention.

The National Institute of Health reported that in 1935-1936 persons on relief averaged 17.4 days of illness a year; persons not on relief but with family incomes of under \$1,000 averaged 10.9 days of illness; persons in the \$1,500 to \$2,000 income group averaged 7 days, and persons with incomes of over \$5,000 averaged 6.5 days of illness. This shows strikingly the relation between poverty and disease and highlights the necessity of trying to achieve full-production and full-employment after the war. Mr. Chase points out that we need more doctors and nurses and hospital facilities, more widely distributed. Our goal should be to assure every citizen access to the proper health services.

Now to education. Here we have already accepted the extension of free universal public education to everyone. But again, Mr. Chase points out that in 1940 while around 95 per cent of all children between seven and fifteen were in school, only 56 per cent between fifteen and nineteen were attending an educational institution. And more than half of our schools were one-room affairs where a single teacher may be instructing pupils in as many as twelve grades. Mr. Chase sets as our educational goal the need to "expand educational opportunities in the lower and upper age groups, to abolish child labor, to level up opportunities between city and country, and between one state and another, to eliminate illiteracy, to build more modern schoolhouses, and train a great new army of teachers."

Full Employment Needed

TO achieve this budget of national minimums, Mr. Chase reiterates that we must have a goal of full employment. He points out that "we have an enormous private business machine already functioning. It would be the height of folly to tear it up by the roots. We should encourage businessmen to do all they can, and to take responsibility wherever they can." He sees the role of the federal government as a "conning-tower control charged with the duty of plugging any gaps in the front of full employment. . . . If private businessmen do not want to undertake mass housing except with government financing, then arrange the financing. If private business

cannot absorb all the unemployed—and it probably cannot—keep the great public works programs going side-by-side with private business."

The task of business and of the federal government, as Mr. Chase analyzes it, is to cooperate rather than to compete, in the achievement of full employment and national minimum living standards for everyone.

National Office Is Praised for Part in Typewriter Drive

The War Production Board has been conducting a canvass among large organizations to procure typewriters for use in our Armed Forces. The National office of N.A.C.M. responded to this appeal, and our Office Manager, Eduard Naumann, is now in receipt of the following letter from Neal Weber, Assistant Director of the Typewriter Procurement Division, praising the Association for the part played in this typewriter program:

February 1, 1943.

Subject: Typewriter
Procurement Program

Dear Mr. Naumann:

May we who have been charged with the completion of the urgent task of obtaining typewriters for the exclusive use of our Armed Forces, express our sincerest appreciation of the patriotic action taken by your Association in releasing thirteen machines of your total complement of fifty-eight.

We want you to know that you have made a substantial contribution to a most important factor of the war effort. Sending young typewriters to war is possibly the most tangible way in which the members of your Association can take part in helping to make our Armed Forces the most efficient Army and Navy in the world, and we assure you that any additional sales which your organization may be able to make in the future, will be put to use at the earliest possible time.

I wish I could tell you that the need is diminishing, but I am afraid that while the U-boat depredations continue to mount, the need is increasing.

Very truly yours,
Neal Weber, Asst. Director,
Typewriter Procurement Division.

New "Critical List" Is Issued by WPB

Those engaged in war Production work should obtain a copy of a release dated February 4 issued by the Office of War Information, WPB-2451, which is the latest issue of "list of critical war materials" issued by the War Production Board. Copy of this release may be obtained by writing to the Office of War Information, Washington, D. C.

The Psychology of Credit Letters

Appeals That Bring in the Checks

By HELEN M. SOMMERS

*Credit Manager
Trojan Hosiery Mills, Indianapolis*

BASICALLY speaking there is only one reason why a debtor should pay his account: *he owes it*. He has entered into a contract.

Granting that the creditor has fulfilled his part of the contract, it then becomes the debtor's obligation to fulfill his. When he discharges his obligation, he preserves his self-esteem and his credit reputation, upon which he is able to do further trading.

It is around this fundamental concept of the credit contract, its responsibilities, and benefits, and the rights of each party, that all sound and forceful appeals are centered. Whether we seek to motivate payment through pride, self-interest, fairness, goodwill or fear, the appeal, if it is a strong one, is always implicitly or explicitly related to the sanctity of the credit contract, and the farther the appeal departs from this basic idea, the weaker it becomes.

Why Apologize?

IF you say, "We hesitate to write you about your account," you not only accuse your customer of the wrong attitude about his obligations, but you withdraw from your proper and rightful position in the contract. You have a perfect right to ask for payment, and if your letters are to adhere faithfully to the correct credit concept, there is no room for apologetic phrases, nor any need for coddling even a man who possibly may be hypersensitive and explosive.

When you occasionally encounter such a customer, apology and a cringing attitude merely bring out the worst in him, and certainly do nothing to pave the way for more wholesome relations in the future. A position of strength must be maintained in a friendly way in all appeals.

When you make an appeal on the grounds that your firm needs the money, you are making a further retreat. You are substituting some other reason for the real reason why the account should be paid, and you are asking favors, and perhaps even implying that your house is in a weak financial position.

You Must Conserve Respect

TRICK letters may be successful in collecting the money once, but remember you are not only trying to collect, but you are at the same time attempting to promote goodwill for future relations, and that goodwill should include a large measure of respect for your house and its methods of doing business.

Letters that tell jokes rarely have the right effect. The contract between creditor and debtor is no laughing matter, and the debtor does not regard it as such.

The only legitimate excuse for a story of any kind in a collection letter is that it will illustrate the point better than straightforward language will do it. Sometimes this is true, but usually it is not. The kind of stories used in many collection letters simply lead the customer's mind away from the point in question, rather than to it, with the result that in the end, in order to bring the customer back to the question of his account, and justify the story by establishing the connection, the writer has to twist and wrench the thought in a manner that does violence to the reader's sensibilities. Don't forget that your customer is a business man, and he ordinarily is not seeking literary entertainment in business hours.

Avoid All Forms of Dodging

IN short, all forms of dodging ought to be avoided.

Your appeal is legitimately based on the credit contract itself, and the aspects of that contract as they reflect upon the customer and upon yourself in benefits and rights. Your own respect for your rights, if implied with simple dignity, commands your customer's respect; and your respect for his rights and interests inspires his confidence in you.

Let us consider this customer who owes you money that is past due. You accepted his credit when you passed his order. Therefore, you considered him honest and worthy of credit accommodations. That worthiness implies the right attitude toward his obligations. Then let your letters be consistent with that conception until he proves himself unworthy.

The time-worn fib, "I believe you have overlooked this account," if taken at face value, implies that the debtor is careless about his obligations. But since the debtor is not really deceived by this little transparency, the letter actually says to him, "I think you are touchy and apt to be irritated if I simply ask you to pay; consequently I have to resort to pretense. Of course, we both know you haven't overlooked the account."

Treat Your Customer Fairly

TREAT every customer as a person of high character until you have good reason to believe to the contrary. "But no person is ideal," you say, and that is of course absolutely true. Human beings, however, want

their fellows to believe that they possess the fundamental qualities of character of which society as a whole approves, such as dependability, responsibility, fairness, open-mindedness, honesty and cooperativeness. If you imply that the individual possesses these characteristics, he will usually make a gesture to respond in a manner consistent with them, whether or not he habitually possesses them.

But what if your customer does demonstrate that he has fallen short of your confidence in him? Will you continue to let him take advantage of you? Certainly not! Then, will you be forced to adopt an attitude that is entirely inconsistent with your previous one? The answer is "no." You can handle the situation without being in the least inconsistent. *The credit contract* has been in the background of all of your appeals, and your letters have always been straightforward. Continuing in the same vein, it is simply necessary for you to tell him plainly that you have given him every opportunity to cooperate, and that it now becomes necessary for you to respect and protect your own interests, harkening back again to the credit contract.

Action Is What You Want

A GOOD collection letter should secure the debtor's attention, be specific in stating the past due condition, make the collection appeal, and close with a request that suggests action.

Since the appeal for payment represents the psychological nucleus of the letter, and the chief problem to the credit man, who is constantly searching for fresh material of this nature, these are the phrases that are presented herewith. Each of the fragments which represents an appeal can serve as a nucleus for a letter with the routine details to be filled in as the case requires.

It is usually well not to use more than one or two arguments in the same letter. Singleness of appeal gives the letter unity, point, and force, whereas multiplicity of appeal only confuses the issue, and dissipates the force of the letter.

Imply That Customer Is Expected to Pay Promptly

THE very earliest letters can contain little or no obvious appeal, except perhaps the appeal to goodwill. Any kind of persuasive attitude would indicate that the creditor is exaggerating the importance of the few days' delinquency.

However, a simple statement of the past due condition, and a request for a check, if worded concisely, yet not sharply, will imply that prompt payments are expected. It is important that this impression be conveyed in early collection procedure. Usually it can only be implied, although two of the examples below actually make the statement, and without offense.

Imply That Customer Is Expected to Pay Promptly

We just want to remind you about your account that was due on the tenth. A check will be appreciated.

You are receiving this friendly reminder because

we don't have your check for charges that were due on the 10th. May we have your prompt cooperation?

Can you let us have your check to pay those invoices that were due on the tenth? \$. is the amount.

We expected your check last week for charges that were due on the 10th, but for some reason it has not reached us. Your prompt cooperation will be appreciated.

Under our terms, charges for shipments made to you last month were due on the tenth. May we have your check, please?

This charge is not seriously overdue, but we made shipment with the expectation that we would be paid promptly. May we have your check, please?

Your check has not yet reached us for July charges which were due on the 10th. If it is not already in the mail will you send it to us promptly?

Appeal to Goodwill

THE appeal to goodwill is the mildest of appeals, but one of the most useful in early stages for taking the edge from requests that might otherwise seem abrupt.

Examples of Appeal to Goodwill

Just a friendly reminder about your account.

In the spirit of friendliness, we solicit your check.

In the spirit of friendliness, may we ask for your early cooperation.

We want our letters to reflect the goodwill we feel toward our customers. In that spirit we solicit your check.

We are glad to say that an excellent spirit of goodwill exists between us and our customers, because we try never to lose sight of the human element in our relationship. In all friendliness may we ask for your early attention to these charges?

A spirit of friendliness exists between us and our customers and we try to make our communications reflect it. May we ask for your early attention to the charges listed below?

In the spirit of courtesy, which we want all our letters to reflect, we remind you of charges that were due on your account on the tenth.

Appeal to Pride

THE technique of using pride in early collection stages is a mild one. The idea is to stimulate the individual's pride in certain characteristic he possesses, or is assumed to possess, and to encourage him to act in a manner consistent with those characteristics so that he may maintain his pride.

The expressions of confidence below pay the customer the compliment of assuming that he has a strong sense of obligation toward his indebtedness.

Examples That Play Upon Pride

These expressions of confidence imply that he has the proper attitude toward his obligations:

You undoubtedly are planning to send your check shortly, but

We know that you like to have your account up to date just as much as we do.

We know that it is your wish to keep your account in a current condition.

Knowing that it is your wish to keep your account in good standing, we feel free to remind you of charges that were due on the tenth.

Now we know you don't like to have your account show past due invoices.

We feel sure it is contrary to your wishes to have your account reflect past due charges.

I am sure you do not wish your account to run delinquent.

We feel sure you will want to make prompt arrangements to send a check.

You will want to bring the account up to date without delay.

You will want to take immediate steps to correct the situation.

We feel that a courteous reminder is all that is necessary to bring us your check.

Because we know the serious attitude which you have toward your obligations,

Imply That He Is Cooperative

THE expressions of confidence about his cooperativeness pay the customer a mild compliment, and stimulate him to cooperate in order to justify your confidence.

More Examples That Play Upon Pride

These expressions of confidence imply that he is cooperative

Your usual friendly cooperation

Your usual whole-hearted cooperation

confident that you wish to cooperate with us closely

We are confident that this reminder will meet with a ready response.

We are confident that this reminder is all that is needed to secure your friendly cooperation.

You are always so kind about cooperating with us.

confident that we can depend upon your usual friendly cooperation.

Feeling sure that you wish to work with us closely, as we wish to work with you,

We know that we can count upon your cooperation as usual.

the cooperation you always give us

Appeal to Pride by Holding Up His Record of Promptness

ANYBODY takes pride in a good record, and strives to maintain it. If he is reminded of it in connection with a given line of action, he will be disposed to act in a way to continue his good record.

More Examples That Play Upon Pride

These hold up his record of promptness

Knowing the careful attention you always give to your obligations, I am sure there is a good reason why we haven't had your check this month.

The close attention which you always give to your accounts makes us confident that this reminder will meet with a ready response.

I wonder what happened to prevent your check from reaching us this month. It usually arrives promptly on the 10th, or a few days later.

Knowing how careful you usually are about meeting charges as they mature, I am confident that you will want to send us your check immediately to bring your account into a current condition again.

We were expecting your customary punctuality, but for some reason your check did not reach us this month.

Promptly, as you usually do.

Consistent with your usual promptness.

For some reason, your check has not yet reached us this month, although it is usually here promptly on the 10th.

Appeal to Self-Interest

By Referring to His Credit Record: Although in early collection stages, this appeal can usually be only a light reference, the customer is aware of the value of his credit, and any reference to it, however light, is effective.

By Assuring Him Cooperation: These examples are worded for use in form letters, rubber stamps on statements, and procedure deliberately intended to give the

appeal widespread application, and take away the personal sting. Much general education, addressed to the customer's self-interest can be put across in this way.

Appeals to Self-Interest

These examples show that his credit record benefits by prompt payments:

Prompt payments keep a *perfect record for you*, and they help us, too.

A *perfect credit record* is not only something to be proud of, but it is a real business asset.

Your promptness helps both of us.

These examples show that he will secure increased cooperation by prompt payments:

Your prompt and regular payments aid us in our program of *service to you*.

We try to make our credit service to our customers as *efficient and helpful* as the service of our other departments. Your promptness will assist us in this program.

We try to reciprocate your courtesies by increased efforts to *serve your best interests*.

The prompt payments of our customers help us to keep our costs down, and that in turn makes it possible for us to *give you better values*.

Will you help us in our program of good service to our customers by keeping your account paid promptly?

Analysis of Letters Shown Below

THE three letters presented below do nothing more than state the condition of the account, and ask for a check in a way to imply that it was expected promptly on the tenth.

The first letter adds the little appeal to goodwill, so that it will be less abrupt.

The second letter is purposely worded with dignity because it was used as a form addressed to very large houses. A free and easy tone would be out of place in such a letter, as would any kind of collection appeal at this stage.

The third letter actually states that prompt payment is expected, but the courteous tone avoids offense.

Gentlemen:

You are receiving this little reminder because your check which was due on the tenth has not yet reached us. In the spirit of friendliness, may we ask for your cooperation?

Yours very truly,

\$123.59

Gentlemen:

We courteously solicit your remittance for the balance of \$..... shown on our recent statement, if it agrees with your records. If not, please write us so that early adjustment can be made.

Very truly yours,

Gentlemen:

Just a reminder that we have not yet received your check for our July invoice for \$139.75.

The charge is not seriously overdue, but we made shipment with the expectation that we would be paid promptly at maturity date. Your early cooperation will be appreciated.

Yours very truly,

Analysis of More Letters

THE first letter appeals to pride because it pays the customer the compliment of assuming that he has a serious attitude toward his obligations.

The second letter is an appeal to goodwill and fairness.

Gentlemen:

Your check has not yet reached us to pay our February 1 invoice for \$38.95, which was due the tenth of this month.

We know that it gives you as much satisfaction as it does us to have your account up to date, and we are confident, therefore, that this reminder will meet with your ready cooperation.

Yours very truly,

Gentlemen:

We are modestly proud of the friendly feeling that exists between our customers and ourselves. It is testimony that they as well as we find the relation both pleasant and beneficial.

Feeling confident that you want to cooperate with us just as closely as we want to cooperate with you, we are reminding you of the charges listed below, which are somewhat overdue. Your early remittance will be appreciated.

Yours very truly,

An Appeal for Fairness

BASED on the benefits of the credit contract, this is a straightforward appeal for fairness.

Gentlemen:

Credit arrangements are a kind of "mutual assistance pact," to borrow a phrase from the boys across the ocean.

Goods and service are our part; prompt payment, yours - - - with our concerted efforts directed toward promoting good business for both of us.

If your check is not already in the mail to pay your October account of \$159.63, now thirty days overdue, will you please take care of the matter promptly?

Yours very truly,

"Overlooked Account"

THIS letter turns the old fabrication about "overlooked accounts" to good advantage. It pays the customer a compliment about his serious regard for his obligations, thereby appealing to pride.

The second paragraph appeals to fairness.

Gentlemen:

When a customer runs over-due, the usual collec-

(Continued on Page 30)

Constructive Credit for Small Business

An Essential Ingredient of the Post-War Reconstruction Program

CNext year's budget of the Federal Government is to be 109 billion dollars. One hundred billion dollars is to be spent for war purposes. These astounding expenditures spell out, in unmistakable terms, that we are in a total war, that every consideration and interest must be consecrated to the early winning of the war. Everything else must be subordinated to that one purpose.

As business men, I feel sure that you will agree with the Department of Commerce that Government, while achieving this great purpose, should at the same time aid deserving small concerns to survive these difficult days, provided such enterprises can be continued without the use of manpower or materials indispensable to the winning of the war. It is against this background of assumptions that we must dedicate ourselves to the preservation of our American system of free enterprise as an essential condition of our Democratic form of life.

Importance of Credit's Job

CREDIT men represent that level of business direction which exerts a marked influence, in larger and smaller concerns alike, on the policy determination of the top managements of enterprises.

Credit men are in a strategic position to be of constructive help to smaller enterprises in these days of confusion and change.

The men and women of your profession deal with realities, appraise prevailing conditions, anticipate impacts of things to come, and project the effect of such impacts into the post-war period.

In discussing the subject, "*Constructive Credit for Small Business*," my remarks will be addressed to you as professional men and women practicing the science of credit. This subject best lends itself to a discussion of small business first, then constructive credit, and the post-war program.

By WILLIAM SHEPERDSON
Chief Small Business Unit, Bureau of
Foreign and Domestic Commerce,
Department of Commerce

(Excerpts from an address before the Baltimore Assn. of Credit Men)



IN the Department of Commerce, we recognize that no formula can be developed through which all business enterprise can be adequately and fairly segregated into big, medium-sized, or small concerns. Of necessity, concerns in industry have to be gauged by standards of measurement different from those in the distributive fields. Even within an industry or trade, it is difficult to segregate concerns as to size. An enterprise specializing in one product may be large in its special field, but small within its industry or trade.

The Department uses the following definitions:

Small concerns are manufacturing plants with one hundred employees or less; wholesale establishments with less than 200 thousand dollars annual net sales volume; retail stores and

service establishments with annual net sales or receipts of less than \$50,000. The 1939 Census shows that there were about 2,500,000 small establishments which represented over 92 per cent of all establishments in this country, segregated on the basis of the definitions I have just described. In other words, nine out of every ten establishments were small.

A Big Segment of Our Economy

BECAUSE the term, "small business," is a relative concept and an illusive one, there always will be differences of opinion as to where smallness ends and bigness starts. One fact is not subject to contradiction; small business collectively represents an important segment of our national economy.

Many persons have attempted to define small business. None of the definitions has been satisfactory under all circumstances. Nor is the definition which I am about to offer beyond criticism. It is in fact subject to many exceptions. But it is a reasonable basis for our discussion. In my definition, a small business is a concern which cannot afford to buy for itself, with some degree of regularity and consistency, the kind of research services and management, the kind of engineering, marketing, economic, legal and financial advice and counsel, which a big business buys for its own use out of its substantial resources.

The Part Played by Management

I regard a concern as small if it cannot afford to hire advisers with some regularity from time to time to review its methods of doing business; that is a small business which cannot avail itself of the services of business and management counselors for the purpose of checking policy decisions or contemplated steps in the

improvement or expansion of its enterprise.

We all recognize that such facilities are available to big business, for some years, big business has regarded these services as factors indispensable to efficiency and success. If this fact could be demonstrated to smaller concerns in a simple, constructive way, many smaller concerns would be brought to the realization, probably for the first time, of the extent to which big business has the advantage over small concerns with regard to short and long-range planning. *In brief, big business operates through trained and specialized executives, whereas, the specialists of the small business man are his neighbors*

The Science of Management

THE science of management is making rapid strides toward finding its rightful place among the several professions. Management is becoming recognized, more and more, as a science, and is being accorded the weight of a profession that it so rightly deserves.

Because the yardstick which I have described spells out the factor of alertness and soundness of management, it seems to me that it can be applied equally well and with few exceptions to manufacturing, wholesaling, retailing and service organizations.

It was only in the eighties of the last century that scientific management was first introduced by the late Frederic W. Taylor, who then, of necessity, had to approach the subject in a somewhat restricted sense. Not until the decades following 1900, and particularly after 1910, did the science of management really begin to receive public recognition.

Forty years ago, few, if any institutions of higher learning were willing to accord subjects such as commerce, accounting and finance, the status of courses leading toward a college degree, but today, degrees in the commercial sciences are accepted on equal footing with degrees in the arts, in engineering, in medicine and the law. Any evolutionary process is slow. Popular acceptance of any new concept requires time and education. Progress in the science of management is no exception to the rule. It has been slow.

Too frequently, we look upon management solely as an instrumentality

of business. That concept is narrow and inadequate. Management is something far more important.

Management as a Social Force

WHEN persons composing managements begin to think first in the terms of the well-being of their community, state and nation, they discover that the science of management, in its true and constructive sense, is a social force, a dynamic energy, and not merely an instrumentality through which talented management can outstrip and out-do less talented men solely for the purpose of gaining a temporary market advantage for one over the other.

Nor does the force of management stop at the boundary lines of nations. Diplomacy in the final analysis really means management on a nation-to-nation basis. It is global. In fact, management is to be found wherever people meet and exchange ideas, ideals, and goods. It can be a power for good. Or it can be meanly used for hate and destruction.

The war has united freedom-loving people in a common cause on a global scale. It has made all of us regardless of our private opinions, creeds or party politics, aware of the perils that threaten our existence. And it has made us determined to subordinate all else to, and center all our energies in, a common social purpose—the winning of this war.

The Power of Unity

IF a similar unity of purpose, the same unity of thinking, could be carried over into our everyday community and business life after peace comes, we would find management looking at society's interest first, and at profits, second.

Since I do not propose to discuss management requirements in undertakings other than business, it becomes proper now to narrow the problem down to management in business. Success in business grows from sound management. Failures, usually, are the result of mismanagement. To a greater or lesser degree, other factors contribute to successful business operations. Adaptable management, sound to the core, is the *sine qua non* of business success. This truth is frequently obscured through the over-emphasis of incidents contributing to that success. In the pros-

perous business, the proprietor may ascribe his ability to make profits to aggressive selling, or to a growing demand for his product, or to a variety of other factors, but in the final analysis, it becomes apparent that the real reason for the health of his business lies in the fundamentally sound management policies with which he has guided the development of his enterprise.

Management and Bankruptcies

IN the case of unsuccessful concerns, the explanations for failure are legion—lack of capital, unfair competition, shift in markets, and a host of others—but the basic cause of business failure is, with few exceptions, the lack of application of sound management principles by the person or persons conducting the enterprise. Numerous studies on the causes of commercial bankruptcies have come to this conclusion. Take, for instance, a report prepared by the Department of Commerce which, as part of the discussion of significant facts concerning bankruptcy, states: "The major causes of bankruptcy disclosed by the data analyzed in this study are inefficient management, unwise use and extension of credit, adverse domestic and personal factors, and dishonesty and fraud."

Is not unwise use or extension of credit traceable to unsound management? Are not dishonesty and fraud a reflection of improper management control? Professor Starkweather of New York University, states, "A study of the more detailed and specific causes of failure from almost any angle invariably terminates at the doorstep of management whether it is in the initial promotion or in subsequent operations."

What Is Sound Management?

WHAT is sound management? What distinguishes it from unsound management? Sound management has acquired the ability to segregate the important from the unimportant. It is constantly in search for facts. It refuses to take anything for granted. It disregards prejudices. After weighing facts, it draws proper conclusions and initiates action, not recklessly, but with the courage and determination to win. It plans, checks its plans, then it acts.

Summed up: Sound management

is sound thinking based on facts brought out through study, translated into aggressive action, courageous always, but free of recklessness.

Rarely, if ever, are all the qualifications of sound management found fully developed in one individual. Cognizant of this fact, big business, with its unlimited resources, hires sound management brains in each field of business endeavor. Big business has its economists, sales promotion executives, production engineers, tax experts, financial consultants, public relations men, all of whom possess sound management talent in their respective fields.

Facts First, Then Action

THE ideas of these talented men are synchronized into effective action by seasoned top management executives who, with members of their board of directors, determine the policies and goals of the enterprise. Such is the composite picture of sound, alert, fact-finding management in big business.

Small business, which represents more than nine-tenths of all enterprises in this country, in some instances is managed by one, sometimes two, and, rarely, three persons. Although some concerns may be incorporated and have boards of directors, usually the members of the board are the operators of the business. Among retail outlets, 754 thousand or 43 per cent of all stores have no employees to assist the proprietors. The number of manufacturing establishments with five wage earners or less, as shown by the 1939 Census, was 84,200, which represents 46 per cent of the total.

If small business is to survive as part of our national economy, the small manufacturer, wholesaler, retailer, and service organization operators must be provided with business advice and management help.

Who Will Help Small Business?

SOME authorities take the position that, in every economy, the marginal enterprise should not be assisted, but permitted to pass out of existence. Others, however, claim that by adequately counseling, advising, and assisting, many enterprises, otherwise marginal, can be converted into profit-producing units, thereby reducing mortality in business, credit losses, and capital dissipation. The

life expectancy of business as a whole can be prolonged through constructive management advice.

We all recognize that the complexity of modern business demands specialization. Granting credit is a highly important function of top management. Here is where your participation is so important.

Sound credit management partakes of all of the characteristics of the sound over-all management we have been discussing. Add to these characteristics the ability of a credit man to maintain a balance of judgment between the ultra-conservative limitation of risk which can stifle business expansion, and over-speculative gambling in unsound projects which leads to collapse and bankruptcy. Helping to regulate the volume of credit within proper limitation is a service of control that the credit man can render his company, his community and his nation. By so doing, he promotes to the maximum the orderly expansion of business. At the same time, by careful watchfulness, he prevents too rapid expansion which is not warranted by the conditions of the market or the state of health of the concern. A credit manager of vision does not measure credit responsibility in terms of collateral but in terms of his appraisal of the soundness of management in the enterprise and its ability to repay out of future income.

Credit as a Two-Way Job

LOOKING after the well-being of the concern which employs him is, however, only half the credit man's responsibility. The other half—the more important one—is the professional attitude which the credit man must assume toward society, customers and competitors.

Two questions will help us to make a distinction between constructive credit and credit generally. The first question is: What is constructive credit? The second follows: What distinguishes constructive credit from credit generally?

The function of credit is to facilitate and expedite the carrying on of business. Efficiently administered, credit generally performs this useful function well. Although this type of credit is creative, it is not the kind of creative credit I define as constructive.

Constructive credit, as I interpret it, is credit extension for purposes of

aiding business men of sound management-ability in the development of new enterprises, new products, new methods of production or merchandising and other new-business-producing media which have not yet been fully explored, seasoned, or publicly acclaimed.

Business-Building Credit

CREDIT men who follow accepted practices generally protect their companies from credit losses. Such credit men, however, cannot boast that they have assisted this customer or the other in the development of his business enterprise, or that they have, through constructive credit extension, expanded their companies' sphere of activity. They cannot claim that, as a result of their outlook on credit, they have assisted in the development of production or services to provide additional employment or productivity as part of our national economy.

The soundest policy in building good will among customers is to render services which these customers cannot obtain without assistance from you. For instance, the proprietor of a small enterprise requires additional capital. If the credit manager is convinced of the soundness of management, of the soundness of the product, of the soundness of its potential market, and other necessary conditions for a probable successful operation of the proposed expansion, he should exert every effort to assist such a business man in procuring either the necessary equity capital or long-term credit or intermediate credit, whichever would best meet his requirements. Some larger corporations which assume a helpful attitude toward their customers have organized departments through which the small business man can obtain credit and, in some cases, equity capital for the expansion of his small concern.

A Gap in Capital Market

SMALL concerns find it difficult, in fact almost impossible, to obtain long-term constructive credit or equity capital at reasonable cost. Members of the Small Business Committees of the U. S. Senate and House are realistically addressing themselves to this problem. Hear-

ings will be held within the near future. Plans for bridging this gap will be presented by prominent persons, and their views will be published in a special committee print.

It is extremely important to make available constructive credit to small business. Some steps in this direction have already been taken. The Reconstruction Finance Corporation and its several subsidiaries are authorized to make loans for prescribed purposes on the basis of defined collateral. The Federal Reserve Banks are also authorized to make loans to small business concerns. The Smaller War Plants Corporation is making loans and advances to small manufacturing plants as a part of the total war conversion effort to make constructive credit or equity capital available to small concerns. However, private business through its credit policies, must augment, and in fact should take the lead, in this most important aspect of credit management.

What of the Post-War Era?

WHERE does all of this lead? To the realization that now is the time for us to be thinking about the post-war period.

Restrictions on installment and other consumer credit, forced savings, increased taxes, the decrease in number of small concerns, realignment of markets caused by migration of workers, depletion of inventories of consumer goods, and the deferment of demand for many goods no longer manufactured are only a few of the significant changes that are taking place in our economy.

What will post-war America be like? What will business conditions be then? Our total war effort has created a seller's market. Post-war developments will bring back, ultimately, the more customary conditions of a buyer's market. The problems which arose after World War I will seem simple indeed compared with those which will come with the end of this conflict.

Some of the problems in store for us are clearly foreseeable now. There will be temporary dislocations while our productive plants are being converted from war to civilian production. Consumers will demand automobiles, radios, refrigerators, silk stockings, coffee, copper roofing,

tires and thousands of other things of which they have been deprived.

Will We Have Business Stagnation?

THERE are those who think that the war will be followed by a period of economic stagnation, worse than any we have seen, coupled with paralyzing unemployment. Others fear that this stagnation can be avoided only at the cost of huge expenditures by Government for public works, since as they view it, private business will be unable, or unwilling, to assume the responsibility itself. The more realistic, however, believe that the ingenuity and resourcefulness of private enterprise will accomplish the transition from war to peace without great difficulty, provided the Government does not discontinue production of war goods too suddenly. These persons believe that it will also be the responsibility of Government to provide unemployment insurance for the workers made idle during the period of readjustment.

Questions About the Future

HOW should we plan for the future? We must make sure that we save what we have by seeing to it that our present position is made and kept as sound as possible. If we do this, we shall be stronger and better fitted to withstand the impact of post-war readjustment.

As credit men, have you asked yourselves questions such as the following: Is my company preparing so far, as possible to build up ample cash reserves for conversion from war time to peace time operations? Is my company setting aside proper depreciation and obsolescence reserves represented by cash or securities? Is my company discussing the adequacy of its working capital with its bankers? What is my company doing to avoid the accumulation of unduly large inventories of raw and semi-finished materials on which there may be drastic losses?

These are but samples of questions which a credit man, thinking in terms of post-war credit, should be asking himself. Other company officials, depending upon their particular fields of activity, should be asking themselves such questions as those relating to the development of new

products or improved methods of production or improved purchasing practices. They should be thinking of plans for better marketing and for ways and means of improving the level of their personnel.

A careful study in detail will reveal many important post-war problems, all of which, of course, will have to be weighed in the light of general over-all policies. The chief executives might ask themselves now such questions as: Should the company sell some of its assets at this particular time in order to be in a position to buy others better suited to conditions that will probably obtain after the war is over?

Help Small Business Now

THESE are only a few questions indicating the need for this type of planning in order to be prepared for action when the time comes.

It is true that only the larger concerns can address themselves unaided to such a post-war program. But is it not a fact that if the small business man is not assisted, he will find himself at the end of the war unprepared and without plans to meet the challenging conditions? Is it not the duty of big business to acquaint smaller concerns with post-war requirements? Is it not the credit man's job in particular to educate the small business man, at least to the extent that he will not be taken by surprise when the reconstruction period begins?

Three definite steps should be taken now. First of all, see to it that a committee is appointed in your own company, and that it is headed by a responsible, clear-thinking, hard-hitting executive. Let the committee start now to make an over-all plan for your company, consistent with the over-all position of your industry. Secondly, have your committee affiliate itself with committees of other concerns in the study of post-war problems; and third, as your committee progresses with its plans, its research, and its findings, let it acquaint small concerns with the salient findings and important post-war considerations in order to give the small business the benefit of your company's long-range thinking.

Yesterday was the time to begin these plans. You are the men who should be the motivating spark.

Low cost, broader Protection *for homes...* *families... everywhere*

It's brand new! It gives you broader protection against damage suits than ever before obtainable—it costs far less than such protection ever cost before!

It's the new HARTFORD COMPREHENSIVE PERSONAL LIABILITY POLICY—planned to meet the needs of everyone who maintains a home.

Why you need this protection

You may not realize it, but you are constantly exposed to serious loss through damage suits. Someone may be injured on your premises—your dog may bite someone—you may hurt someone while playing golf, hunting or riding your bicycle. Insuring yourself against these and other risks formerly meant taking out perhaps half a dozen separate liability policies—a complicated, bothersome procedure.

All this in one policy—\$10

The New Comprehensive Policy gives you protection against many risks—even covers your wife and minor children—costs only \$10 a year—\$25 for three years.* In combination with the Automobile Liability and Property Damage policy, it provides protection against personal injury claims arising from practically any cause. In most states, if you insure your car with the Hartford, this comprehensive coverage can be added right on your automobile policy.

Get full details

Your local Hartford agent (*we'll gladly send you his name*) can fit this new, broader form of protection to your requirements—or expertly advise you on any other insurance you need. Talk to him—or to your own insurance broker.

**\$5,000/\$10,000 limits*

9 reasons why you should have this Comprehensive Policy

1. It protects against damage suits due to injury to members of the public at your home.*
2. If you acquire an additional residence for personal use during the policy period, the insurance covers it automatically.
3. It protects you against damage suits if you injure someone while engaging in any sport.
4. It protects you against damage suits if your dog, horse or other animals should injure someone.
5. Besides yourself, this policy covers your wife, your minor children and any other relatives under the age of 21 who reside with you.
6. It covers all your activities not directly a part of your business—including activities in civilian defense.

*The following features
involve small additional premiums:*

7. It can be extended to pay automatically the medical expenses of visitors who may be injured on your premises.
8. It can be made to cover your responsibility for injuries suffered in the course of their duties by domestic servants, with guaranteed payment of medical expenses.
9. It can be extended to cover your liability for damage to property of others.

* Farms, business properties and premises rented to others are specially treated under other policies.

HARTFORD INSURANCE

Hartford Fire Insurance Company • Hartford Accident and Indemnity Company

THE TWO HARTFORDS WRITE PRACTICALLY EVERY FORM OF INSURANCE EXCEPT LIFE



HARTFORD, CONNECTICUT

Credits in 1943

Customer Relations Take on a New Importance



The Administrator of a modern business today has to act in a fiduciary capacity, somewhat along the lines of a Trustee. He is Trustee for four main groups, namely:

1. *Stockholders or Owners.*
To see that they make a fair return on the capital invested.
2. *Employees.*
To see that they are satisfied in their surroundings and that his "labor is worthy of his hire".
3. *Customers.*
To see that they get a quality of merchandise and service commensurate with the price they pay.
4. *Uncle Sam.*
(a) To see that he gets his legal share of the net profit of business in the form of taxes, etc.
(b) To act as his collector of various forms of taxes which we must collect from employees and from sales made to customers, such as victory taxes, O.A.B. Taxes, Retail Excise Taxes and whatever else may come.

The optimum of the modern business administrator is to keep all four of his beneficiaries working in harmony and contentment, to the end that all receive their legal share and just compensation for service.

"Fixed" and "Working" Money

THE "prime mechanism" that the business administrator has to work with is capital (money). Some of this capital is FIXED and some is WORKING. The fixed capital, as you know, is that which is tied up in plant, property, fixtures, etc. and that which is working capital is tied up in inventories, accounts and notes receivable and cash reserves.

We buy and we sell and such activities are reflected in the income and trading expense sections of our profit and loss statements.

Now, when we refer to "income," we usually mean "Accrued Income," inasmuch as most of our accounting records are on what is known as an "accrual basis." However, this accrued income is of less practical value right at this time than under normal

By H. W. ADKINS
*Executive Vice President
Yabr-Lange, Inc. (Wholesale Drugs)
Milwaukee, Wisconsin*

conditions, the reasons being government credit restrictions, inflationary forces at work and other restrictions and disciplines on business all tend to make us aware of the necessity to become as liquid as possible—in other words, it is necessary to reduce our assets to cash or its equivalent as quickly as possible.

A Job for Credit Men

THE speeding up of this conversion of "accrued income" to "realized income in cash" is the number ONE job of business during 1943, and this job has to be done by the so-called Credit Department.

Credit Manager—Credit Department—I do not like these names for these functions during these days when we are trying to find simple names (and initials) most descriptive of their direct functions in business.

I like to call the functions of this department "The Customer Relations Department." Why—because no one in any operating function can make or break the relations between buyer and seller as quickly and as lasting as the man who has the job of "Getting People to Pay Their Bills."

The cornerstone of any business is its Goodwill. Now, what is this intangible property called Goodwill? The United States Supreme Court comes nearest to the description, in my opinion, when it said in one of its decisions, "Goodwill is the disposition of the customer to return to the place where he has been well served."

"Keep 'Em Coming Back"

IN view of the above, it must be uppermost in the thoughts of the Customer Relations Department to always keep in mind that they must

so carry on the activity and the relations with your customers, to the end that the customer will return to your place of business.

I believe it was Lavater who said, "The creditor whose appearance gladdens the heart of a debtor may hold his head in sunbeams and his foot on storms."

Now, what would gladden the heart of your customer today—and are you in a position to act if you knew "How to gladden his heart?"

In our experience with our customers, it has been proven that most small retailers and business men need help—help in knowledge of rules, regulations, restrictions, keeping records, figuring taxes—in fact most all of them want to know how to be better business men.

Do They Have Faith in You?

ARE you qualified to give such advice—have you broadened your education which would enable you to keep up with the times—are you prepared to serve in this new field of endeavor known as the "customer relations man?" You will never have trouble with a customer if you secure his faith in you as an advisor.

Always remember that the word "credit" is derived from the Latin word "credere," meaning—to believe—to have faith in. When this credit or belief in each other has been built up, you will find yourself so close to your customer that you will gradually see all and know all about him.

There are many customers who think they can out-smart those with whom they are dealing and are always trying to put over a "fast one." Your job with such a customer is to teach him the basic principal which is so forcefully expressed in one of the proverbs of James Howell, in 1659, from which I quote, "who tells a lie to save his credit, wipes his nose on his sleeve to save his napkin."

Here is some of the technical

Last Call for the

War Credit Manual of Commercial Laws

PACKED WITH 35 YEARS' SUCCESSFUL EXPERIENCE
IN SAFEGUARDING SALES AND PROTECTING CREDITS

ENTIRELY NEW FEATURES

- * Credit Features of War Orders
- * Points to Check When Invoicing War Orders
- * Renegotiation of War Contracts
- * The "Termination Clause" and "Assignability"
- * Financing War Orders
- * New Priorities and Allotments Regulations
- * Costs Allowable in War Contracts

COMPLETELY REVISED AND REARRANGED

A new Chapter on the "Law of Credit Information" will guide you away from possible liability when you reply to credit inquiries.

The Section on *Sales* is thoroughly revised to incorporate all recent changes and decisions affecting contracts or transactions with corporations, partnerships, agents and joint ventures.

The Section on *Collections* presents not only accumulated experience, but last-minute rulings on methods, suit-procedures, commercial crimes, frauds, liens and bonds. *Federal Laws that Regulate Business* are clearly explained — New Foreign Trade Regulations, Walsh-Healey Act, Wage & Hour Law, Robinson-Patman, Wheeler-Lea, Tydings-Miller Act, Fair Trade Laws, Etc.

Special Price to Members

The regular price of the Manual, 1943 Edition, is \$6.50. However, you are entitled to a special price to member of \$5.10.

MAKE YOUR RESERVATION TODAY

as the edition will soon be sold out.

National Association of Credit Men
One Park Avenue **New York, N. Y.**

knowledge many Credit Managers have to be familiar with:

Federal rules and regulations affecting Credit, Prices and Supplies.

Application of Federal and State Tax Laws.

Effect of Inflation on working capital.

How to figure proper return on capital investment.

Waking up dead dollars in Invested Capital.

Potential market possibilities.

Consumer reaction to retail stores.

You may ask—where does the Sales Department, the Trade Promotion Department and the Credit and Collection Department start and stop? My answer is—they don't—they all work together. What is needed most is more credit-minded salesmen and more sales-minded credit men.

Many of you may think that these broadened activities for a credit man will result in too much study and too much work for you and that it takes too much time to develop the kind of credit relationship that I have mentioned today.

A New Era Coming

IT does take a long time, but in my opinion, that is the new kind of relationship that is going to be necessary during 1943 and the post-war era. Therefore, why not start it NOW—nothing takes longer to grow than credit policies. I recall the speech of Benjamin Disraeli in the House of Commons in England on November 9, 1867, when he said, "I see before me the statue of a celebrated Minister who said that confidence was a plant of slow growth, but I believe, however gradual may be the growth of confidence, that of credit requires still more time to arrive at maturity."

May you all have an inspiration for 1943 to "gladden the hearts of your debtors." You have the opportunity to do so through constructive suggestions and intelligent leadership.

Upset

A fancy dress dance was in progress and the conversation was between two women sitting in a corner.

"Mrs. Smythe looks rather upset, don't you think?" said the first.

"I should think she does," replied the other. "You see, she came as a Hawaiian beauty, with grass skirts and all—and they awarded her first prize in the humorous section as 'The Old Thatched Cottage.'"

Judgment Against Bank in Credit Inquiry Case Is Reversed

CEN The widely discussed case of *Park & Tilford Import Corporation v. Passaic National Bank & Trust Company* was decided on January 22, 1943, by the Court of Errors and Appeals of New Jersey. The Appellate Court has unanimously reversed the judgment against the bank.

It will be recalled that Park & Tilford Import Corporation brought suit against the bank and the bank's credit manager for a credit loss sustained by Park & Tilford resulting from a sale of liquor to the Broadway Wine & Liquor Shop of Passaic, claiming that the bank had fraudulently misrepresented the credit condition of the liquor shop in response to an inquiry for credit information from the plaintiff.

The plaintiff wrote the bank on October 7, 1938, as follows: "Any information you can give us concerning the moral and financial responsibility of O. M. Hanson will be greatly appreciated, and of course held in strict confidence." O. M. Hanson was the proprietor of the liquor shop.

The Text of the Bank's Letter

THE bank on the following day replied as follows:

"Olive Mae Hanson, proprietor of the Broadway Wine & Liquor Shop, the subject of your recent inquiry, has carried an account with us since December 1933, balances this year averaging in a moderate three figure amount, and we have extended accommodation up to low four figure amounts, with that amount outstanding today. Our experience with the account has been satisfactory and checkings which we have made in the trade indicate that she is sold in amounts up to \$2,300 on regular terms, with payments running from prompt to thirty days slow, although the account was generally classified as satisfactory. Mrs. Hanson's financial statement does not show a large worth but we have been favorably impressed with her and her husband. They operate under light expense, and, we believe, have made some progress during the past year, having paid in full a chattel mortgage, which was formerly on the store, during the early part of 1938. They give close attention to the business and cater to a good class of trade. Yours very truly,

Edward H. Roden, Manager, Credit Department."

And in red ink at the foot of the letter appeared the following:

"Confidential information which is furnished at your request and without any responsibility on the part of the bank or its officers."

The Agency Report

PRIOR to seeking information from the bank, the plaintiff's credit manager had written Dun & Bradstreet and had received from them a report concerning the subject of the inquiry. The report contained a financial statement showing, in addition to other items of small value, a merchandise inventory of approximately \$8,000 and accounts payable of nearly \$5,000. The Dun & Bradstreet report showed that the trade reported payments slow and the capital limited with very heavy indebtedness.

The plaintiff claimed to rely upon the bank's letter rather than on the Dun & Bradstreet report, and sold a large shipment of liquor for which it was not paid. In the language of the decision of the Appellate Court "after the bankruptcy of Mrs. Hanson [the plaintiff] brought this action in order to require the bank and its credit manager to pay for the loss caused by its own poor judgment."

The court did not find it necessary to determine whether the disclaimer of responsibility printed on the bank's credit report barred the action or not, since it found that fraud had not been proved. The court said:

"The evidence in this case at the close of plaintiff's case falls far short of the requirements of law.

What the Plaintiff Claimed

"THE plaintiff desired to sell merchandise to the defendant. It was dissatisfied with the credit report of Dun & Bradstreet, received in the regular course of business. It desired information as to the moral responsibility of Mrs. Hanson. It needed to know nothing further as to her financial responsibility because clearly that was not good. The fal-

sity in the bank's statement is chiefly claimed to be, however, in two particulars: (1) that the average balance was in a moderate three figure amount when it is said not to have been; and (2) that the bank's experience with the account was satisfactory, when it should not have been so characterized.

"The falsity specified as to balance is said to be in this: that an average of \$230 shown in the bank's records is not a moderate but low balance. We do not think that the word 'moderate' can be used with such exactness. 'Moderate' is not a word of exactness. It is quite the contrary. Moderate three figure balances must be understood in the usual sense of the word and cannot have any meaning which the receiver of the letter may ascribe to it. Certainly, there is no reason to suppose that it meant more than three hundred dollars. 'Moderate' as, in part, defined in Webster's New International Dictionary, is 'limited in quantity' and so it is generally understood.

Court Review of Case

"ACCOUNTS in banks fluctuate. There are times when very good accounts are very low or overdrawn. In many instances, the bank is satisfied. The bank's letter and the Dun & Bradstreet report indicated bank loans still outstanding. True, the bank did not disclose if it had any information to the effect that Mrs. Hanson had proved a disappointing debtor in her dealings with Bellow & Company and the McKesson Liquor Company. It did state that her business dealings were generally classified as favorable. But the plaintiff knew from the Dun & Bradstreet report that she was slow pay, and if they had cared to analyze the report they would have realized that the capital existed, if at all, only so long as the merchandise could be quickly sold at good figures and creditors were not too pressing. The bank was stating its conclusion as to their satisfactory dealings with her. The letter was perhaps somewhat generous but it stated no fact shown to be false within the knowledge of the officer writing the same. Webster's New International Dictionary, in part, defines 'satisfactory'—'Sufficient is a satisfactory account.'

"It does not always follow that because a note is renewed in full that an

VITAL

to your appraisal of a CREDIT RISK

The subject of insurance protection is *vital* to your appraisal of a credit risk; and the factors of greatest interest to you are the maximum of liability, the protection offered, and *the effect of the Coinsurance Clause*.

What is the *Coinsurance Clause*?

"The best description of the *Coinsurance Clause* that I have seen," quotes Credit & Financial Management, "is the one compiled by The Pennsylvania Fire Insurance Company. I think many readers of our publication would find it useful in explaining the Coinsurance Clause to credit risks."

You can obtain as many copies of this explanatory folder as you may desire, without obligation, by mailing the coupon provided below.



Established 1825

THE PENNSYLVANIA
FIRE INSURANCE COMPANY

150 William Street, New York

The Pennsylvania Fire Insurance Company
(Publicity Department)
150 William St., New York, N. Y.

Gentlemen:

Please send me, without obligation copies of your folder,
"The Coinsurance Clause Explained."

Name

Address

War Credit Congress

in

St. Louis on May 25, 26, 27

A two-and-one-half day conference on the credit
problems of industry in war production

account is unsatisfactory. The reason given for the renewal may have been perfectly satisfactory to the bank. The point of the whole case is that plaintiff desired to sell its merchandise. Dissatisfied with the credit report received from Dun & Bradstreet, it sought information as to the moral risk in a sale to Mrs. Hanson, and when it received the bank's letter it made the sale.

Finds No False Representations

THERE is not a word of testimony to indicate that any representations made therein were false. There was nothing in the correspondence between the parties that could have induced any reasonable person to act thereon. The bank was only giving its best judgment of the moral and financial situation of Mrs. Hanson's business. No fact stated was shown to be false or was there evidence of an intention to deceive, or to induce the plaintiff to make a sale.

"The bank in the letter stated that she owed them money. This was true. That the trade had extended her credit up to the amount stated. This was true. Her dealings with those in the trade were stated from inquiry to

be generally satisfactory. Obviously, this is a statement that some had experienced difficulties with her. The bank was merely giving its opinion.

Holds Credit Judgment Poor

WITH full and complete information at hand, the plaintiff sought to build a case upon the mere statement by the plaintiff's credit manager that he was induced to make the sale on the strength of the bank's letter. There is nothing, however, in that letter which would induce a reasonable man so to do, unless he desired to clear the warehouse and bring law suits for the purchase price of the goods sold.

"There is no reason why the bank loan should not have been reduced from the general funds of Mrs. Hanson before bankruptcy. The bank may or may not have benefited by the plaintiff's sale to her. The plaintiff made the sale without reason and sought to charge the bank in deceit when there was no proof to sustain the charge. The plaintiff's credit manager chose to ascribe special meanings to ordinary words. There is nothing in the record to show that in banking parlance those words have

any special meaning; but as shown in ordinary parlance their meaning is quite different from that ascribed to them by plaintiff's credit manager. If he would rewrite the bank's letter he must show that bankers have a special meaning for ordinary words. Not that he has."

The comment of the Court of Errors and Appeals on the practice by banks of giving out credit information, follows:

"The liability of a bank for the representations of its officers as to the credit of third parties is treated in 7 Am. Jur. 198; 9 C.J.S. 415, and seems to require merely good faith in the answer made. The practice of furnishing such information is, however, unwise from the public standpoint. Banks are not chartered to furnish credit ratings for their customers. If liabilities were so created they would not appear upon the books of the bank and would not be observable in audits or examinations. Such reports must, of necessity, be vague since the exact financial condition of a customer is highly confidential."

A New York City banker after reading the above paragraph had this comment to make:

"I pity the bank credit department that follows this court pronouncement too literally. Don't forget that banks need credit information just as much as mercantile houses, and the best information they obtain on new customers or on the customers to whom they are making loans comes from the business field.

"If you will refer to the first of the paragraph Canon No. 1, 'Canons of Commercial Ethics' (so often reiterated by NACM), you will find that it says, 'Our credit system is founded on principles, the underlying elements of which are cooperation and reciprocity in interchange. When ledger and credit information is sought and given in a spirit inspiring mutual confidence, a potent factor for safety in credit granting has been set at work.'

"Then, I would call their attention to this paragraph in Canon No. 1: 'Recognizing that the conferring of a benefit creates an obligation, reciprocity in the interchange of credit information is an indispensable foundation principle. . . . Failure to observe and defend this principle would tend to defeat the binding together of credit grantors for skillful work—a vital principle of the credit system.'"

Regulations for Materials Plan Are Announced

The following items will be found of interest to those having war production contracts or subcontracts.

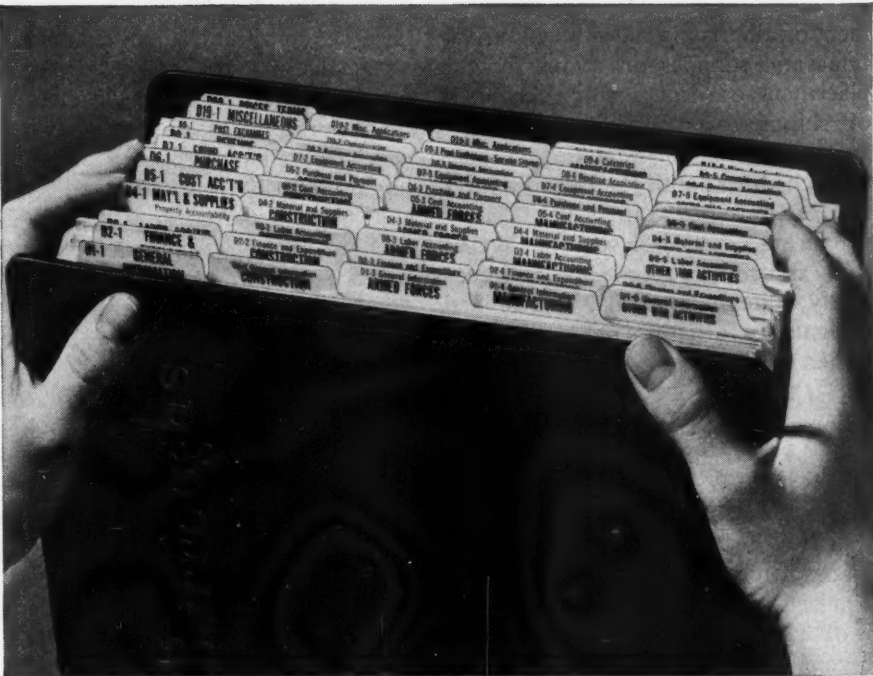
Based on experiences during the last twelve months the Army has made an amendment to Procurement Regulations No. 3 providing for what is known as the "target price system." This amendment to Procurement Regulations provides for periodic adjustment of prices and thus eliminates the necessity for renegotiation at the end of the contract. This system has been worked out for use in those cases where experience has provided fairly accurate cost figures. It will benefit those contractors who are cooperating with the Government on war contracts by putting forth every effort to reduce costs. The benefit to the contractor comes in the arrangement for a fixed price for the three-month period, such price not being subject to renegotiation. It is pointed out that under this target price system the contractor who is able to reduce costs below the average would thus be getting a better margin of profit during the contract period.

Controlled Materials Plan

The Controlled Materials Plan has now been in operation long enough so that a clarification of some details has been found necessary. So far five official Controlled Materials Plan Regulations have been issued together with a list of Class B products and also releases regarding some of the forms to be used in connection with the plan have been released.

Last November the War Production Board issued a booklet entitled "Controlled Materials Plan." This was for information purposes, however, and up-to-date Regulations No. 1 and No. 2, No. 3, No. 4 and No. 5 have been issued.

CMP Regulation No. 1: Regulation No. 1 describes the allotment procedure whereby prime contractors receive an allotment of material and in turn are enabled to allot materials to secondary contractors. This Regulation also gives instructions for preparation of bills of materials and applications for allotment; outlines the




Owing to the character of the information contained in this portfolio, it is not for general distribution. It is available for review, through local Burroughs offices, to industrial and government officials directly concerned with war accounting problems.

"...a real contribution"

Long before Pearl Harbor, Burroughs technical systems and installation men were working with ordnance plants and war industries—with Army, Navy and government officials—to help them with their war accounting problems. As a result of the thoroughness and the outstanding work of these men, this Burroughs war accounting portfolio contains, we believe, the most detailed, comprehensive information yet compiled on methods and machines being used to handle practically every accounting procedure essential to the war effort.

BURROUGHS ADDING MACHINE CO.
DETROIT, MICHIGAN



MANUFACTURING FOR WAR

The manufacture of aircraft equipment for the Army Air Forces, and the manufacture of Burroughs figuring and accounting equipment for the Army, Navy, U. S. Government and the nation's many war activities, are the vital tasks assigned to Burroughs in the Victory Program.

Burroughs

procedure for cancellation and adjustment of allotments; lays down regulations and supplies directions for the placement of orders and scheduling of shipments; prescribes procedure for authorizing and adjusting production schedules; outlines the procedures to be followed by controlled materials producers; describes certain alternatives and relief procedures; and generally states the rights, duties, and obligations of companies operating under this plan.

CMP Regulation No. 2: This regulation covers the matter of inventories held by war production contractors under the CMP. At the adoption of CMP it was provided that "after April 1, 1943, no user of controlled material may accept delivery of such material if his inventory of such item is or will by virtue of such acceptance become, greater than the quantity of such item he will be required by his current practices to put into use during the succeeding 60-day period for production, construction, operating supplies, or maintenance or repair, in order to carry out authorized operations." In this Regulation "items of controlled materials" is defined to mean "any item in any class of controlled material listed in the attached Schedule A which is different from all other items in that class by reason of one or more of its specifications, such as length, width, thickness, temper, alloy, finish, method of manufacture, etc." Contractors and subcontractors actively engaged in war production work are compelled under this regulation to keep detailed inventory control. One feature of the Regulation 2 provides for the redistribution of excess inventory.

CMP Regulation No. 3: This regulation governs the assignment of preference ratings for deliveries of all materials necessary to complete an authorized production schedule for which either aluminum, copper or steel is required. A bulletin issued February 9th by the Office of War Information gives the following information about Regulation No. 3:

"When an allotment is passed on to a secondary consumer manufacturing Class A products, the prime consumer making the allotment applies to the secondary's authorized production schedule the same rating he has received for his own related schedule, for use with the appropriate allotment number or symbol.

"A delivery order bearing a preference rating and an allotment number or symbol out-ranks an order bearing the same rating but no allotment identification. It is not, however, superior to another order bearing a higher rating.

"For example, a rating of AA-2X with an allotment number takes precedence over another AA-2X rating without an allotment number, but is secondary to a rating of AA-1 with or without an allotment number.

"Any authorized controlled material order as defined in CMP Regulation No. 1, rated AAA, placed with a warehouse or another who is not a controlled material producer, takes precedence over all other orders."

CMP Regulation No. 4: During January the forms CMP-4A and CMP-4B were announced. Contractors had until February 9 for making application. January 30 was the last date for secondary contractors to file their applications with the CMP Division.

CMP Regulation No. 5: This regulation has to do with purchases for maintenance, repair and operating supplies and establishes required procedure for obtaining both controlled and uncontrolled materials. This regulation assigns a preference rating of AA-1 to delivery of all materials needed for maintenance, repair and operation by persons covered by Schedule I and AA-2X to those covered by Schedule II.

Priorities Regulation Amendments: Amendments to Priorities Regulations No. 1 and No. 3 are now in effect. The amendment to Priorities Regulation No. 1 provides for handling preference rated material which cannot be used for the originally intended purpose. Amendment to Priorities Regulation No. 3 permits persons needing scarce material on rush order to place such orders by telephone or telegraph. In case of the use of telegraph the body of the telegram should state "Ratings indicated are certified pursuant to Priorities Regulation No. 3." This amendment also provides for extending priorities by telephone when an authorized official extends a preference rating over the telephone and makes a written confirmation covering the verbal rating. The amendment provides that suppliers cannot accept other orders from the customer or extend the rat-

ing until the written confirmation is received.

Consumer Goods Inventory: Order L-219 announced late in December provides for limitation on consumer goods inventories of retailers, wholesalers and manufacturers. This order applies to any merchant who on or after November 30, 1942, had a total mercantile inventory of consumers' goods valued at \$50,000 or more. While this order was issued late in December it became operative on March 1, or later according to the normal accounting period of the dealer. No penalties will apply at the beginning of the first quarter, but thereafter merchants or dealers whose inventories exceed their allowed normals will be required to reduce their purchases during the succeeding quarter.

Study on Subcontracting: Dr. James W. Culliton in a study just issued by the Harvard Graduate School of Business Administration under the title "Make or Buy" provides a review of the questions confronting a manufacturer as to whether or not he shall manufacture a commodity or part for a war contract, or purchase it from another supplier. The report is based on the experience of a number of industrial companies and while no problems involving wartime decisions are presented, the study would appear to be applicable to the present subcontracting problems. Copies of this report are available from the Harvard Bureau of Business Research, Soldiers Field, Boston, Mass., at \$1.50 each.

Accounting On War Contracts: The University of Michigan Press, 311 Maynard Street, Ann Arbor, Mich., has just published a report of the 1942 Conference of the Michigan Association of Public Accountants. In this report are contained articles on such subjects as:

Cost Accounting for War Contracts.

Renegotiation of Government Contracts.

Accounting Problems on Presentation of Cost-Plus-Fixed Fee Contracts on Financial Statements.

Termination of Government Lump-Sum Supply Contracts.

The price of this publication is \$1.00 per copy and may be obtained by applying to the address given above.

Some Aspects of
Post-War Business

(Continued from Page 6)

have lived and fought abroad in Guadalcanal, in Australia, in China, in North Africa, in England, and in Europe, will have a greater appreciation of the worldwide community in which we live, and of the unbreakable ties, economic as well as spiritual, which unite us all.

They will also appreciate the value of initiative and self-reliance, and they will want peace. Therefore, they, as well as such forward-looking men and women as the members of the National Association of Credit Men, will work to insure the re-establishment of free enterprise, the insurance of peace, and the development of world trade.

Foreign Traders Ask
Budget Change for
Bureau of Commerce

Chicago—At the Luncheon meeting of the Foreign Trade Division of the Chicago Association of Credit Men at the Sherman Hotel, January 28, it was announced that the Federal Budget for the fiscal year beginning July 1, 1943, had eliminated the appropriation for the maintenance of the field offices of the Department of Commerce and that if the budget is approved in this form it will result in eliminating the "on the spot" services of the Bureau of Foreign and Domestic Commerce in the leading cities in the country where these branches have been established for many years.

Those present voted unanimously that the members of the Foreign Trade Division be appealed to to write to the United States Senators from Illinois and the members of the House of Representatives from their individual districts urging the Appropriations Committee of the House to restore the appropriation for these field offices.

Optician

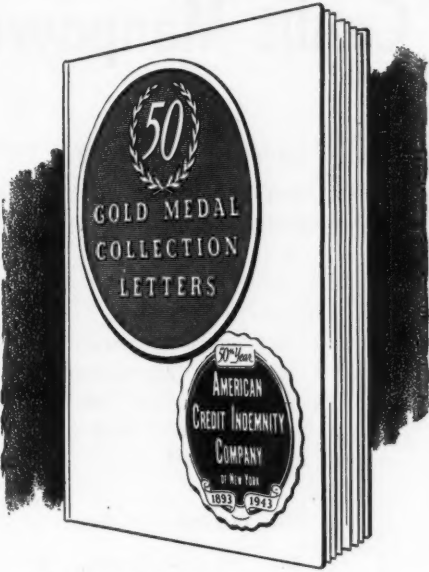
The sailor was recounting his experience to a dear old lady when she interrupted him. "But what rank did you hold?" she asked.

"Ship's optician, lady," was the reply.

"Ship's optician! I never knew there was such a rank in the navy. What did your duty consist of?" asked the old lady.

"Scraping the eyes out of potatoes," the sailor replied.

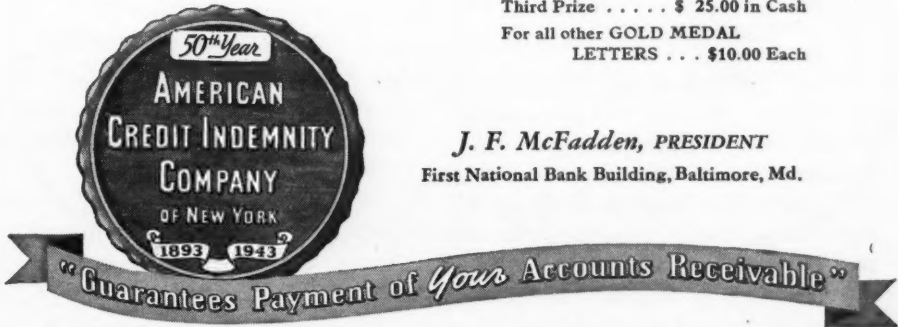
AMERICAN'S 50TH ANNIVERSARY
COLLECTION LETTER CONTEST



The 50 GOLD MEDAL COLLECTION LETTERS will be reproduced full size, 8½" x 11", and bound in a handsome durable cover, as illustrated.

READ THESE
SIMPLE RULES

1. The contest is open to officers and employees of all manufacturing and jobbing firms, and service organizations, except employees of American Credit Indemnity Company of New York.
2. You may enter as many collection letters as you desire.
3. Each letter entered should be typewritten on your firm's stationery.
4. Prize awards will be made by a Committee of Judges for the winning 50 GOLD MEDAL COLLECTION LETTERS.
5. Decisions of the Judges will be final.
6. Letters previously published or appearing in any book are not eligible.
7. All letters submitted become the property of American Credit Indemnity Company of New York.
8. Entries must be mailed to the Contest Editor, American Credit Indemnity Company of New York, First National Bank Building, Baltimore, Maryland, not later than midnight, May 1, 1943.
9. Contestants will be notified by mail of the names of the winners as soon as possible after May 1, 1943.



OFFICES IN PRINCIPAL CITIES OF UNITED STATES AND CANADA

Enter Your Best
Collection Letter

In your desk is a proved collection letter . . . in the desks of fellow credit grantors are other letters that have extracted payments from slow accounts. As part of our 50TH ANNIVERSARY celebration, American Credit is conducting a 50TH ANNIVERSARY COLLECTION LETTER CONTEST to bring together in one book the best collection letters now being used by credit grantors. When the contest closes on our 50TH BIRTHDAY, May 1, 1943, the winning 50 GOLD MEDAL COLLECTION LETTERS will be assembled in a handsome, durable book and presented to our business friends as an ANNIVERSARY present. Your letter may be among the 50 GOLD MEDAL LETTERS . . . but, even more important, you will be helping to assemble a book of proved collection letters for yourself and other business executives. Have your secretary copy your best collection letters (one or more) on your company letterhead . . . sign them with your name . . . and enter them today in AMERICAN'S 50TH ANNIVERSARY COLLECTION LETTER CONTEST.

★ ★ ★

PRIZES FOR THE
50 GOLD MEDAL
COLLECTION LETTERS

First Prize \$100.00 in Cash
Second Prize \$ 75.00 in Cash
Third Prize \$ 25.00 in Cash
For all other GOLD MEDAL LETTERS . . . \$10.00 Each

J. F. McFadden, PRESIDENT
First National Bank Building, Baltimore, Md.

How Credit Interchange Conserves Credit Manpower



In 1896—when your predecessors, in credit work, organized the Credit Association—one of their ambitions was the exchange of their paying records on mutual debtors. Thus the direct credit inquiry came into being.

It proved to be a healthy baby, for it grew amazingly. This growth saved many dollars that would otherwise have been lost in bad debts. But those pioneers in credit work were not satisfied. They believed the result could be retained without so much duplication of effort.

After many careful surveys they brought forth the Credit Interchange Bureau. It was designed not for the purpose of selling credit information, but to establish a central place to which each co-operating creditor could go to get the experiences of all on a mutual debtor. Those pioneers knew that credit experience with a debtor had no price tag though its value was measured in dollars saved from bad debts.

The Need Was Recognized

IN the early 1900's buyers went to market twice a year and bought from whomever had the goods that they believed would sell at home. The result being many new accounts for many sellers and increased lines of credit for others.

For days there was a deluge of direct inquiries to answer. Your predecessors didn't complain—they began to think and to analyze the condition, all of the time insisting that their ledger records were not for sale.

The Credit Interchange Bureau was the result. It provided the mechanics whereby many inquiring creditors could receive the benefits of co-operation from *one* request—for an experience—through a medium owned and operated by all.

A measure to distribute the cost of operating these mechanics had to be worked out. One that would spread

By H. C. JACKSON
Credit Manager, American Hardware
Company, New Britain, Conn.

the cost equitably between all creditors who participated.

Following many discussions it was decided that this apportionment of costs would be on the basis of requests for clearances that each sustaining creditor sent in.

No Wares for Sale

THIS plan of measurement seemed much easier to follow than an assessment based upon the dollars saved from bad debts, though the latter is the real measure of the value of this co-operative effort. This plan has, without meaning to, created the feeling that the Credit Interchange Bureau has credit information for sale. It hasn't—it only provides the mechanics for exchanging experiences on mutual debtors.

Today the mechanics are much the same as when they were first evolved—with some refinements that have been added for the purpose of simplification.

The exchange of credit experiences is more important than ever before. But because of the fast tempo of business, the direct inquiry should be discontinued.

Creditors who secure their Ledger Information through the mechanics provided by Credit Interchange, are contributing toward winning the war through conservation of manpower.

How to Save Manpower

YOU ask how can that be? And you are entitled to a plain answer, but it requires a question to make the explanation clear.

How many references do you write when sending direct inquiries? A survey indicates the average to be three.

How many direct inquiries do you receive per day, from other creditors?

Multiply that by three and they equal the total sent out, and then multiply that by hundreds to cover all creditors doing the same thing and the total will be staggering.

Now divide that staggering total by three (the average number of direct inquiries sent out) and you will find the potential saving of manpower.

All this will be accomplished when creditors decided to share all of their credit experiences through the mechanics provided by Credit Interchange Service.

One Inquiry Does Job

IN addition, each co-operating creditor will save five postage stamps and the stationery plus clerical expense to send two inquiries that will be unnecessary. One inquiry to Credit Interchange without a stamped return envelope is all that it takes. And don't forget that the direct inquiry is usually based upon hand-picked references. It isn't in human nature to supply the names of any who cannot "say a good word."

With the use of Credit Interchange Service you get the records from these hand-picked references alongside the records of other sellers. Thus you have another measure of the buyer's integrity.

If the references show a better record than the other experiences you are awake to the fact that he has been kidding you. On the other hand, if they show a comparable experience you know that he is on the level.

Another way to conserve manpower in your own office, is through use of the Automatic Revision Service. Send a list of names of your important accounts, those in whose affairs you are vitally interested, and you will receive a new report every four months. Saving—one request per year, versus three, and best of all these reports will come to you at the times you have previously selected as the most appropriate.

Sale of Entire Business Not Subject to OPA Rules

FM A BULLETIN issued by the Office of Price Administration gave the following interpretation of price control as it applies to the sale of an entire business:

"The bona fide sale of an entire business as such, including real estate, fixtures and equipment, stock-in-trade, and such intangible assets as good-will, is not subject to any regulation of OPA.

"The following sale was found to be the sale of a business within the above interpretation: A machine tool company owned and operated a general machine shop, consisting of land, factory building, machinery and equipment, office furniture and fixtures and established good will and trade name. The capital stock of the company was owned by a holding company, which was seized by the Secretary of the Treasury because of alien ownership and turned over to the Alien Property Custodian.

"The Custodian operated the business until bankruptcy proceedings were initiated. As a result of the necessary judicial proceeding involved, the operation of the business was interrupted for approximately seven weeks. Pursuant to the bankruptcy proceeding a receiver sold the business pursuant to the order of the United States District Court to a purchaser who will continue to operate the property as a general machine shop; the order of sale entered by the court expressly provided that the purchaser shall continue to operate the business as a business unit at the same location with the same assets and property."

Butler Joins Norton Co

Worcester—Charles E. Butler, well-known to NACM members who attended recent sessions of the Summer Institute of Credit Management at Babson Park, Mass., where he served as Recreation Director for Babson Institute, recently joined Norton Co. of this city as assistant office manager. Mr. Butler and his family are now residing here.

Philadelphia Firm Collects 6,000 Pounds of Old Silk Hose

Philadelphia: The NoMend Hosiery Co. recently shipped approximately 6,000 lbs. or about 225,000 worn stockings of the silk and nylon variety to the reprocessor of this material. It is estimated that the

quantity of silk and nylon thus obtained for reprocessing will be ample to fire the guns of the United States Fleet through one major engagement. The collection of this large quantity of worn stockings was undertaken by the employees of the No-Mend Hosiery Co. Every employee in the plant was a member of one of ten teams. One employee brought in as many as 15,000 stockings during the month's campaign.

War Damage Insurance Now Covers Money

The War Damage Corporation has just announced Regulation D which provides that War Damage Insurance Policies are now obtainable to protect money and securities. Under the original policies such coverage had been specifically included. All applications for coverage on money and securities should be sent direct to the Money and Securities War Damage Group, Central Office, 111 John Street, New York, in place of to your regular insurance company. Large corporations having security holdings in their own office or safe deposit boxes will be interested in this new coverage which is now available.

Misunderstood

Several men were traveling by train. Presently one produced a

large fruit cake, which he devoured greedily.

Time passed. Suddenly he began groaning and doubling himself up and straightening out again. When this had gone on for some time, a friend asked him:

"Smatter, Jim?"

"That cake I ate," groaned the sufferer. "It had nuts, and I think the missus forgot to shell them."

"Lor!" said his friend. "And can you crack 'em just by bending?"

Quite the Reverse

Casey and Murphy were admiring a big London building.

"It's surprisin'," said Casey, with a knowing air, "how mortar binds all those hundreds of bricks together."

Murphy gave his companion a supercilious sneer.

"Whinever are ye goin' to learn a bit of sense, Casey," he replied.

"Sure and whatever d'ye mean?" queried Casey.

"Bricks aren't kept together by mortar," Murphy replied. "Mortar keeps them apart."



KEEP IT FLYING

The flag of universal safety -- the symbol of the safety consciousness of those who work under it -- a recognition of the value of safety in the conservation of manpower so essential to war-time production.

Employers Mutual safety engineers omit no detail in the development of safety consciousness among the workers in plants of our policyholders. Result -- accident prevention, uninterrupted production and compensation insurance cost-savings of note.

Perhaps you would appreciate the many benefits of this service in your plant. Ask for details.

Employers Mutual

LIABILITY INSURANCE COMPANY OF WISCONSIN

HOME OFFICE: WAUSAU, WISCONSIN

OFFICES IN THE PRINCIPAL CITIES OF THE UNITED STATES

The Psychology of Credit Letters Getting the Cash

(Continued from Page 14)

tion letter reads, "We believe you have overlooked your account." We are not going to say that, because we know you regard your obligations too seriously to be negligent about them.

We don't know what has caused the delay in payment of our October 1 invoice for \$256.38, but since it was due thirty days ago, don't you think it should be paid without delay? The cooperation will be much appreciated.

Yours very truly,

To Be Used as a Form

THIS letter is a strong appeal to pride. It pays the customer a compliment about his worthiness and his attitude toward obligations.

The last paragraph contains a light appeal to goodwill and self-interest.

The letter is worded for use as a form. Since it gives an effect of generality, it can be sent in early stages, whereas if the appeal were directed personally it would be much too strong for this stage of collection.

Dear Sir:

"100 Best Collection Letters—100 Ways of Persuading Your Customers to Pay!"

I smiled to myself as I read that advertisement in a business journal.

Why? Because our customers are the kind of people who don't need to be persuaded to pay. We select our accounts as being worthy of credit, and they are people who regard their obligations seriously, and recognize that there is just ONE reason for paying a debt.

We have a high faith in them. Rarely have we been disappointed. As a result, there exists between our customers and ourselves that cordial relation that rests on mutual confidence, and upon that foundation we build mutual profits.

Sincerely yours,

(This letter was attached to a statement, showing overdue items, and their maturity date, with no further comments.)

You're Tellin' Me!

On Christmas Eve, Jones was discovered by Brown trying to shove a horse on to his doorstep.

"Give a hand, old man," he pleaded. Brown, wondering, did so. They pushed the horse into the hall.

"Now just let's get him up the stairs." So they pushed and shoved.

"Now into the bathroom," said Jones.

When they had got the horse safely in, Jones closed the door softly.

"Why, why, why?" asked Brown.

"I'll tell you," said Jones.

"I've got a brother-in-law who lives with us and knows everything. But when he goes up to bathe tomorrow he'll shout down: 'Hey, there's a horse in the bathroom,' and for the first time I'll be able to shout back: 'You're tellin' me!'"

Value of Credit Record

A DIRECT appeal to self-interest, which sells the business value of a good credit record.

Gentlemen:

The other day when one of our customers stopped by my desk to leave a check, I naturally thanked him. But he protested, "Don't thank me. I need credit, and I try to keep mine good."

For a moment, his directness took me by surprise, for my thanks were sincere. Then I realized that he was only taking the practical viewpoint about credit as a business asset, and that his attitude is probably no different from that of any of our other customers.

When you send your check for charges now overdue, amounting to \$234.43, we will say "Thank you," with sincerity, but likewise with the full consciousness that both we and you benefit by your endeavor to keep your account in good standing.

May we hear from you promptly?

Yours very truly,

The Obligation of the Contract

AN appeal to fairness on the basis of the obligations of the credit contract.

The first paragraph arouses the customer's pride by implying that he has the right attitude about his obligations.

Gentlemen:

We never have any fear of embarrassing or offending our customers when we make a straightforward request for payment of an account.

After all, credit is just a matter of confidence, and mutual understanding. You are confident that we will fulfill our part of the sales contract faithfully, and we are just as sure that you will fulfill yours. If, by some accident, we should fail you in some detail, we would expect and want you to tell us about it. So we feel free to remind you of any lapse on your part.

Your check hasn't reached us yet in payment of your November purchases. I am sure there was a good reason for it, but since it is now considerably overdue, we feel that the situation should be corrected promptly.

Won't you send your check today, please?

Yours very truly,

\$109.00

Heart-rending

The man had lost a five-dollar bill. Sadly he entered the advertisement office of the local newspaper and handed in the notice he wanted inserted in the "Lost and Found" column.

The adtaker almost guffawed when he read, "Lost, a \$5 bill. Sentimental value."

New Business Books

Financing War Production

Term Lending to Business. By Neal H. Jacoby and Raymond J. Saulnier. Published by National Bureau of Economic Research. \$2.00.

The war-stimulated conversion of our peacetime economy to war production brought about an understandably sharp rise in financing requirements. Within the period of a year ending January, 1942, Federal Reserve member banks' war production loans, secured by assignment of government contracts, showed a six-fold increase.

Commercial banks have handled approximately 90 per cent of the contract assignment loans for war production. Financing for plant construction and building of raw material reserves has, however, largely been handled by RFC subsidiaries whose commitments and advances by Spring, 1942, totaled approximately 10 billion dollars.

Many of the war contract financing loans have been of the medium length "term" character, including provision for some repayment after the first year, generally on an agreed installment basis. The growth of such "term" loans by banks and financial institutions during the past decade has been considerable.

This recent survey by the National Bureau of Economic Research indicates that by 1940 nearly a third of the commercial and industrial loans were of the "term" type, running from one to 15 years, with the majority being of five to 10 year duration. Term loans constituted, the survey found, some 12 per cent of all loans by commercial banks, whose activities in this field were paralleled by those of the life insurance companies, the RFC, and the Federal Reserve banks.

While the RFC and the commercial bank loan maturities were approximately the same, the insurance companies generally advanced longer credits than the other institutions. The Reserve Bank loans, which have a legal limit of five years, averaged approximately three years.

Over half the funds raised by the term loans of banks, it is revealed by the survey, were for refunding, mainly bond retirement. One third of the

bank loans constituted new money for working capital or equipment purposes. The Reserve Banks are limited to loans for working capital use whereas the RFC loans can be used to finance capital expenditures or refund debt, as well as for working capital.

Practically all RFC and over 80 per cent of the Reserve loans were secured by borrowers' assets, but only one-third of the bank and insurance company loans required such security.

As to repayment provisions, the RFC and Reserve loans were generally repayable in equal instalments, often as a percentage of sales or net income before depreciation. The insurance company and bank term loans, while often on this basis, were also frequently set up on a single payment or a large final payment basis.

—Paul Haase

Servicemen's Relief

Soldiers' and Sailors' Civil Relief Act. By J. Gordon Dakins. Published by National Retail Credit Association, Shell Bldg., St. Louis, Mo. 75c.

This booklet of some 60 pages consolidates the 1940 and 1942 statutes on the subject of civil relief for service men and is of particular interest to those in retail and financial establishments who must know the provisions of the two acts. Divided into four parts, the booklet discusses highlights of the amended Relief Act, analyzes the recent amendments, presents a series of questions and answers in connection with the act's applications, and carries as well a consolidated text of the two statutes.

It is available to members of the National Association of Credit Men, who so identify themselves, for 50c.

Stock Markets Today

The Decentralization of Securities Exchanges. By Jacob O. Kamm. Published by Meador Publishing Co., Boston, Mass. \$2.00.

This book is somewhat in the nature of a pioneer effort, analyzing the background of the securities exchanges and their development over the years. Besides the New York Stock Exchange, special chapters are devoted to the over-the-counter mar-

kets and regional securities exchanges. A good portion of Mr. Kamm's book, of course, is devoted to the influence of the SEC, since that body has, during the past decade, stimulated the decentralization of securities exchanges.

Good Girl, Mary!

Mary walked up to the bank clerk's window and said: "I would like to buy some traveler's checks."

The clerk asked: "What denomination, please?"

Mary replied: "Methodist."

KEEP UP PRODUCTION

Fire Prevention Helps



The Phoenix

Insurance Company, Hartford, Conn.

1854

The Connecticut
Fire Insurance Co. Hartford, Conn.
1850

FOUITABLE
Fire & Marine Insurance Company
PROVIDENCE, R.I.
1859

ATLANTIC FIRE INSURANCE CO.
Raleigh, North Carolina

THE CENTRAL STATES FIRE INS. CO.
Wichita, Kansas

GREAT EASTERN FIRE INSURANCE CO.
White Plains, N. Y.

MINNEAPOLIS F. & M. INSURANCE CO.
Minneapolis, Minn.

RELiance INS. CO. OF CANADA
Montreal, Canada



HARTFORD
30 Trinity Street
CHICAGO
Insurance Exchange
NEW YORK
110 William Street
SAN FRANCISCO
220 Montgomery Street



TIME TRIED & FIRE TESTED

Put your finger on
any information
INSTANTLY

Index
your records with

MAK-UR-OWN
TRADE MARK REG. U. S. A.
CELLULOID INDEX TABS



Write any index you want,
insert it in a strip of
Mak-ur-own, cut tab to
fit and attach anywhere.

Don't waste time hunting through sheets or pages.
Index every important reference with bright, clean,
easy to read Mak-ur-own Tabs. It takes only a
moment to make any index you want and attach
it to any sheet or page in ring books, notes, re-
ports, binders, portfolios, etc. Labels are change-
able. Sizes and colors for every need. Save time
with Mak-ur-own low cost indexing.

YOUR STATIONER CAN SUPPLY YOU
with genuine, original Mak-ur-own Tabs.
If not, write to

THE VICTOR SAFE & EQUIPMENT CO., INC.
NORTH TONAWANDA, NEW YORK



**HOME
DEFENSE**
—our position



DEFENDING our home position is
a job that rests to no small degree
upon the strong business institu-
tions of this country. As such,
these Companies stand prepared
to support America's way of life
through the dispensation of
unquestionably sound indemnity.

MILLERS NATIONAL
Insurance Company

ILLINOIS FIRE
Insurance Company

HOME OFFICE: CHICAGO

If Your ISSUE Arrives Late . . .

please remember that trans-
portation and deliveries are
somewhat uncertain in war time.
This issue was delivered to the
Post Office in time to reach you
about March 1st. But move-
ment of troops, heavy travel,
need for more freight trains may
cause slight delays. So please
remember these are War Times.

Another Conviction Added To Long List By Fraud Department

St. Paul: J. C. Bowen, who had been
trading as the Midwest Engineering Com-
pany at La Crosse, Wisconsin, has been
found guilty of a charge of embezzlement
and sentenced to from one to three years.
The sentence has been suspended on con-
dition that defendant pay the costs of
criminal prosecution and make restitution
at the rate of \$100 per month until \$3600
has been paid.

This case developed out of a bankruptcy
case in which the St. Paul Association
through T. E. Reynolds, Secretary, was
interested.

By special arrangement, Harold Bailey,
Manager of the Fraud Prevention De-
partment's office in Chicago, cooperated
with Mr. Reynolds in preparing the case
for the District Attorney for La Crosse
County, Wisconsin.

The case involved embezzlement of funds
deposited with Bowen as agent for ma-
chinery manufacturers.

The Fraud Prevention Committee of
the National Association of Credit Men
decided early in February to enlarge the
scope of its operations by continuing the
Chicago office under the direction of Har-
old H. Bailey and adding Ohio to the ter-
ritory covered by the Central Division
fraud investigation office.

William G. Betsch, of William Iselin &
Co., Inc., Chairman of the Fraud Preven-
tion Committee, gave a glowing report of
the progress of the past year in fraud pre-
vention work and announced the intention
of the Committee to increase the activity
during the present year.

Seek to Amend Law in New York State On Contract Default

New York: A bill introduced in the
New York State Senate, No. 227, is of
interest to credit executives in the New
York area. This bill is entitled "An
Act to amend the debtor and creditor law,
in relation to restitution for money paid
or property transferred or delivered by
party in default under contract."

A note in the printed copy of this bill
describes its purpose as follows:

"NOTE.—This is an amendment recom-
mended by the Law Revision Commission.
See Leg. Doc. (1943) No. 65 (A). Under
the New York law, in many situations, a
party who, without legal justification, de-
faults in complete performance of his con-
tract, is deemed to forfeit all payments
which he had made in partial performance.
The amendment establishes his right, de-
spite default, to recover the amount of
the net benefit conferred upon the other
party in excess of twenty per cent of the
value of the total performance for which
the defaulting party is obligated under the
contract. Its purpose is to modify the
harshness of the existing rule under which
the defaulting party loses all and at the
same time afford to the other party a
measure of reasonable protection against
a breach of the contract."

Fleming Addresses Buffalo Credit Men

Buffalo: T. Alfred Fleming, Director of
Conservation of the National Board of Fire
Underwriters, was the speaker at the Feb-
ruary dinner meeting of the Credit Men's
Association of Western New York on
February 18, at Hotel Touraine. Mr. Flem-
ing's topic was "A Million Dollars a Day
Lost from Wartime Production." Mem-
bers of the Buffalo Association of Fire
Underwriters were especially invited to at-
tend this meeting and hear Mr. Fleming's
address.

Buckingham Resigns OPA Directorship

New York: Lee S. Buckingham, past
President of the New York CMA and past
National Director of the NACM, has
returned to his post as President of the
Clinton Trust Co., New York, after serv-
ing from May through December, 1942, as
OPA Director for New York State. Mr.
Buckingham had accepted the post on a
leave of absence from the Clinton Trust
Co. until the end of 1942. His work was
highly praised as having placed "New
York State in the forefront as one of the
model rationing states throughout the
nation."

War Credit Congress
St. Louis May 25-26-27

NEWS ABOUT CREDIT MATTERS

A section devoted to
Credit Association affairs

March, 1943

Copy deadline
10th of month

Iowa Enacts Law to Enforce Clearance of Bank Checks at Par

Des Moines: Iowa claims the distinction of having the first par-clearance check law in the United States. This law was sponsored by Des Moines, Sioux City, Waterloo and Burlington.

The Legislative Committee of the Des Moines Association under the direction of Dale K. Hess, of the Carpenter Paper Co., did much of the work in accomplishing this important piece of legislation. Helpful support was given at all times by the other Iowa Associations.

The law is a simple one of two sections, Section 1 of which says:

Checks drawn on any bank or trust company organized under the laws of this state shall be cleared at par by the bank or trust company on which they are drawn.

"This section shall not be applicable where checks are sent to banks or trust companies as special collection items."

The second section of the law provides a penalty of not less than ten dollars and not more than one hundred dollars for each infraction of the law.

The enactment of this law in Iowa is the result of six years of hard work. Don Neiman, Secretary of the Des Moines Association of Credit Men, reports:

"We had to organize the Par Banks in the various communities throughout the State of Iowa. This meant getting 500 banks to work with us as well as commercial clubs and various associations. We even included the Farm Bureau."

The bill was signed on February 17th and will be effective on July 4th, 1943.

Now that Iowa has set the pace in this important movement, it is expected that Legislative Committees in other states will follow this lead.

It is interesting to note that the preamble to the Iowa par-clearance Statute reads:

"An Act to provide for the clearing at par of checks drawn on any bank or trust company organized under the laws of this state and providing for penalties for violation thereof.

WHEREAS, the banks of this state vary widely in their practice of clearing checks; and

WHEREAS, the rates charged for clearance of checks by different banks differ in various localities; and

WHEREAS, such lack of uniformity in charges causes confusion and interferes with normal business in the community; therefore,"

Administrative Committee Votes to Hold Shortened War Credit Congress

Give Your Books!

The 1943 Victory Book Campaign has just opened. This is your opportunity to help the men of the Army, Navy, Marine Corps, Coast Guard, and Merchant Marine in a very tangible way.

Every service man has a few hours every day when he is thrown upon his own resources for entertainment. From the point of view of his mental health and happiness, these hours are the most important of his day, for it is then that he relaxes and refreshes himself for his arduous and dangerous duties.

No other form of entertainment is so portable, so easy to take up at any time, as a good book.

Look over your books! Pick out the current best-sellers, recent popular fiction and non-fiction, adventure stories and Westerns, detective stories and mysteries, technical works, and small editions of the classics. Bundle them up and take them to your nearest local library, Red Cross Center, or USO headquarters.

They'll put them into the hands of the young men and women who are fighting to keep this a free world, where books are read—not burned.

Hartford Sponsors Bulk Sales Law in Connecticut Senate

Hartford: The Hartford Association of Credit Men has sponsored the model Bulk Sales Law approved by the National Legislative Committee of the National Association of Credit Men, and, through the cooperation of Senator Joseph R. Neill of Watertown, a bill has been introduced in the Connecticut Senate under the title "Regulation of the Sale of Businesses in Bulk." It is Senate Bill No. 410. H. C. Jackson, of the American Hardware Corporation of New Britain, is Chairman of the State Legislative Committee. George Moseley, of the Watertown Manufacturing Company, is also active in the promotion of this model Bulk Sales Bill in the Connecticut Legislature.

St. Louis Chosen as City for 2½ Day Conferences

May 25, 26 and 27 are dates for program devoted to credit problems of production for war.

The meeting of the Administrative Committee of the National Board was held in the National Office on February 4th and 5th, 1943. Those in attendance were: President Tritton, Vice-Presidents Miller and Simpson, and committee members Withington and Rubanow. Vice-President Blaine was unable to be present but transmitted his views fully to the committee.

Among the matters studied by the Administrative Committee were the following:

1. The report of the Special Survey Committee.
2. The report of the Special Committee on Adjustment Bureaus.
3. National Convention.
4. Association finances.

A report has been made to the local Associations on the findings of the Administrative Committee regarding the two special committee reports. The Administrative Committee felt that both of these subjects were so important as to call for additional study by the special committees and it asked the special committees to continue their activities.

The committee decided that as a substitute for the usual Convention, a Credit Congress of War Industry should be held this year as a strictly war business session and with no entertainment provided. Questions discussed will deal exclusively with the relationship of credit to the war effort and of how credits may be used to further this war effort. The sessions will be held in St. Louis on May 25th, 26th and 27th. In accordance with the reduction in length of time from the usual meeting the registration fee will be reduced for this year to \$6.00 for each person in attendance. This registration fee will apply both for members and for wives or guests of members who may attend.

The committee gave careful study to the entire membership situation. A survey of our membership situation indicates a favorable showing generally, by comparison with most national organizations. While emergency conditions do bring about some membership problems, the reports of many of our local Associations indicate that where zealous endeavor is carried on consistently, business is recognizing the importance of credits and of our Association activities both in the War effort and in the rehabilitation era which will follow. Approval was given by the Administrative Committee to the new membership promotion material now being prepared in the National office.

Pacific N. W. Parley Dates Are Mar. 25-26

Portland will act as host city to the Northwest Council of Credit Men on March 25 and 26. The conference has received the approval of the O.D.T. Delegates will attend from Seattle, Tacoma, Spokane, Bellingham, Washington and Lewiston, Idaho, these cities, with Portland, comprising the Northwest Council.

Portland's last Conference was held in March 1938. At that time the attendance totaled 500 delegates and guests. While the attendance is not expected to reach the 1938 record, a representative list of delegates is expected to attend from the various cities.

Conference Committees already are working upon a program which will include Trade Group meetings, business addresses by leading industrialists, financiers, and civic leaders of the Northwest.

St. Louis "C" Men Present Plaque to Orville Livingston

St. Louis: On February 1st the Officers and Directors of the St. Louis Association of Credit Men gave a surprise party to Orville Livingston at the Missouri Athletic Club, the occasion being the twentieth anniversary of his appointment as Secretary-Treasurer and Manager of the St. Louis Association.

H. E. Bucher, Credit Manager of the Graybar Electric Co. and President of the St. Louis Association of Credit Men acted as toastmaster. Members of the staff of Officers and Directors and past Officers were called upon for anecdotes connected with Mr. Livingston's service as Secretary. Harvey L. Welch, a vice president of the First National Bank in St. Louis and former President of the St. Louis Association of Credit Men and also a former National Director, read a poem describing some of the highlights in Orville's twenty years with the St. Louis Association.

The picture shown on this page shows the presentation of a memorial plaque to Mr. Livingston by Mr. Welch. The accompanying picture only shows a part of the group which was present for the testimonial dinner. A total of twenty-six were on hand.

Hear Talk on Capitalism

Cincinnati: Melvin White, of the University of Cincinnati, was the speaker at the Feb. 9 Credit Club luncheon. The subject "Can Competitive Capitalism Survive" was one of special interest to the large crowd of credit executives on hand.

1200 Listen to Trust Buster at N. Y. Banquet

New York: Close to 1200 attended the annual banquet of the New York Credit Men's Association at the Waldorf-Astoria Hotel on Feb. 2. Harry J. Delaney, of Meinhard, Greeff & Co., Inc., and President of the New York Association, presided at this, the 48th banquet.

The speakers were Thurman W. Arnold ("trust-buster") and Henry J. Taylor. Mr. Taylor spoke on some of his experiences as a news correspondent in Europe prior to Pearl Harbor and also discussed some of the problems facing the Allies in the African area.

Mr. Arnold had as his subject "The A-B-C of Cartels." His talk was in fact a defense of his program for anti-trust prosecutions during the present Administration.

The program was under the general direction of Charles T. Corby, of the Colonial Works, Inc., who this year serves as Chairman of the Forum and Public Meetings Committee.

Chicago Credit Men Hold Washington Hop

Chicago—The annual Midwinter dinner-dance of the Chicago Association of Credit Men took the form of a Washington's birthday party and was held at the Merchants and Manufacturers Club in the Merchandise Mart, Friday evening, February 19. Owing to business conditions many of the entertainment features of previous parties were eliminated. Dancing was enjoyed to the music of Don West.



Orville Livingston is presented with a plaque commemorating his twenty years service as Secretary-Manager of the St. Louis Association of Credit Men. From left to right: E. J. Ball, Brown Shoe Company; A. J. Wagner, Mallinckrodt Chemical Works; Aubie A. Brodsky, Chas. Meyers and Co.; Leo W. Rechtien, Heil Packing Company; A. L. Spence, Universal Match Corporation; H. L. Welch, First National Bank; G. W. Pitcher, Knapp-Monarch Company; O. E. Dede, Krey Packing Company; Orville Livingston, Secretary-Manager, St. Louis Association of Credit Men, receiving the plaque; V. C. Eggerding, Gaylord Container Corporation; H. E. Bucher, Graybar Electric Company, Inc., President of the St. Louis Association; R. C. Gordon, Shell Oil Company.

Activities of National Institute Chapters

Chicago—The second in the series of free lectures for junior and senior credit executives conducted by the Chicago NIC Chapter was delivered February 17 by R. L. Seaman, Treas., Florsheim Shoe Co., at the local Association headquarters. The meeting was largely attended and Mr. Seaman gave a very comprehensive talk on the subject, "Credit Department Procedure."

The next lecture of this series, March 17, will be on the subject "Collections" by A. L. Ludolph, Franklin MacVeagh & Co.

Portland—The Oregon NIC Chapter held a tax forum on February 2, at the Chamber of Commerce. David S. Pattullo, Tax Counselor, C.P.A., and Attorney-at-law, was guest speaker. His explanations of the Victory Tax and new features on the regular tax commanded close attention. The questions asked by the members in the discussion that followed brought out some of the finer points and even some inequities in the present tax structure. A greater public interest in taxation is to be desired and the Portland Chapter is glad to make its contribution toward that end. Meetings of this character are a regular feature of the Oregon Chapter.

Toledo—The local NIC Chapter began its class in Effective Public Speaking on Jan. 20, and in spite of the near-zero weather, 15 attended the opening session, which meets each Wednesday in the YMCA Bldg. The class in Credit Analysis held its first session on Monday, Feb. 1 at the Univ. of Toledo and continues its sessions weekly. Both courses carry credits toward the NIC awards.

Boston—Allen Potter, New England Manager of the Lawrence Warehouse Company, was a featured speaker of the February 16 dinner meeting of the Boston NIC Chapter at the University Club. His subject was: "Financing Inventories Through Field Warehousing."

South Bend—Copies of the special NACM pamphlet "Credits in War Production" which have been made available by National headquarters were scheduled to be awarded to the winners of a "Problem-Bee" developed by the South Bend NIC Chapter. The announcement by C. S. Haffner, President of the local Chapter stated that at its meeting the Chapter members take part in a "spelling-bee" except that the spell down process would be based on definitions of credit terms and answers to credit problems. Other officers of the South Bend Chapter for the current year are: Vice Pres., John Glenton, Peltz-Kaufer Inc.; Secretary, Kenneth A. Ball, Sec. Mgr., South Bend Ass'n of Credit Men; Treas., H. R. Goodhew, H. J. Schrader Co.

Pittsburgh—The first forum of the

Summer Credit Institute, '43 Session, Postponed

Because of the war time curtailment of educational activities and facilities in our colleges and universities, it has been deemed necessary by the officials of Babson Institute and our NACM officers to postpone this year's session of the Summer Institute of Credit Management which have been held since 1941 on the campus of Babson Institute for two weeks each summer.

In making this announcement NACM headquarters declared that "The high enthusiasm which this program of advanced credit and business education evoked from our members insures re-establishment of the Summer Institute of Credit Management as soon as the war is over."

Pittsburgh NIC Chapter of the current year was held on Jan. 28 at the Fort Pitt Hotel preceded by a buffet supper. Quite a number of local association members belong to the Institute Chapter in order to have the privilege of participation in the forum meetings. In January it was addressed by Dean Wright on the subject "Personal Planning for Tomorrow's Problems."

New officers for the local NIC Chapter chosen at the meeting included: Pres., Charles Rebhun, United Engineering & Foundry Co.; Vice Pres., J. R. Roodward, Gulf Oil Corp.; Second Vice Pres., B. F. Dawson, Pittsburgh Coke & Iron Co.; Treas., Robert J. Beckert, Mellon National Bank; Secretary, Alice Neff, Williams & Co. Inc.

Several members of the Chapter have indicated their willingness to help in the war effort by rendering part-time service to firms who are especially burdened with office details and paper work on war contracts.

Cincinnati—A recent issue of "Credit Flashes," the weekly publication of the local Association, carried the text of a letter from Sgt. Robert L. Brandt, narrating his experiences since he joined the service several months ago. Mr. Brandt was serving as President of the local NIC Chapter at the time of his induction.

New York—Credit relations with South America today and tomorrow were discussed by John B. Glenn, President, Pan American Trust Co., at the February forum meeting of the New York NIC Chapter at the Hotel Pennsylvania. Mr. Glenn advocated the granting of longer terms of credit to well-established firms in Latin America to meet terms extended by European competitors, when times again become normal.

The Alumni Association of the local chapter has planned a March meeting on the general subject of post-war planning. The meeting will feature a representative

of the U. S. Department of Commerce as well as members of local university faculties. From this meeting the alumni group expects to develop specific aspects of the post-war subject to be discussed at subsequent meetings. This is part of the group's plan of participation in the recently-announced national program of post-war study of the NACM.

Ceiling Prices Are Discussion Topic At St. Louis Dinner

St. Louis: Richard R. Klauke, Sales Manager of the Krey Packing Company, was the speaker at the Feb. 11 dinner meeting of the St. Louis Association of Credit Men at the Hotel DeSoto. His subject was "How High Is Your Ceiling?" Mr. Klauke was greeted by a large attendance as his reputation as a speaker on business subjects assured an excellent treat for those who attended this dinner meeting.

The Shoe Manufacturing Credit Group was organized on Jan. 19 at a special meeting held at the Hotel DeSoto.

The March 11 meeting of the Association will be featured by a travelogue with motion pictures made by Charles W. Godefroy, President of the Godefroy Manufacturing Company. Mr. Godefroy's pictures and description of his travels in the Arctic will be especially interesting because of the prominence of these places in the war news at this time.

N. J. C-Men Meet With Cost Accountants

Newark—A joint dinner meeting of the N. J. Ass'n of Credit Men, and the Newark Chapter of the National Ass'n of Cost Accountants was held at the Robert Treat Hotel on February 4, and heard a round table discussion on "Efficient Business Management—Today and Tomorrow." The participants in the program were: Carl Henrikson, Regional Business Consultant, U. S. Department of Commerce; Edward Schickhaus, Vice Pres., Fidelity Union Trust Co.; Arthur Hood, Director of Dealer Relations, Johns-Manville Corp.; C. Oliver Wellington, Senior Partner of Scovell, Wellington Co.

Utica Meeting Schedule Varied

Utica—A full program of meetings and activities has been part of the schedule of the Utica ACM in recent months. In January the local members joined with the Utica Chapter of the Nat'l Ass'n of Cost Accountants to hear President Shortliff of Colgate University. The association's first annual Christmas party was held jointly with the local Credit Women's Club, and for the occasion former NACM Director Robert L. Griffiths impersonated Santa Claus. Clayton Gregory of the local Ass'n is actively in charge of its work although he is attending training classes nightly as a member of the Army Signal Corps.

Chicago Women Sponsor Program For Executives

Chicago: Dr. Carl D. Smith, President of the Babson Institute of Business Administration, Babson Park, Mass., addressed the February Forum of the Chicago Association of Credit Men at the LaSalle Hotel, Wednesday evening, February 10 on the subject "Current Trends and the Present and Post-War Business Outlook."

The evening was also celebrated as Executives' night and the meeting was sponsored by the Credit Women's Club of Chicago in charge of the program. The President of the Club, Mrs. Rhae M. Swisher, Johnson Suture Corporation, presided and Dr. Smith was introduced by Miss Emily Davidson, Chicago Pump Company, a member of the Board of Directors of the Chicago Association of Credit Men.

A special invitation was extended to prominent executives of corporations and firms holding membership in the Chicago Association of Credit Men. A feature of the evening was the presentation of colors by the National Champion Color Guard of the Commonwealth Edison Post of the American Legion.

Chicago Women Hear Distaf Talks

Chicago: Four speakers discussed important topics of the day at the February meeting of the Credit Women's Club of Chicago of the Chicago Association of Credit Men at the Top of the Town Restaurant, Tuesday evening, February 9. The speakers and their subjects were: Karla Howe Jack, Great Lakes Varnish Works, Inc., "The Importance of The Human Equation Today"; Margaret Schrepferman, W. D. Foreman Co., "The Change Over From Civilian Business to War Needs"; Pearl Gilmour, The Chicago Association of Credit Men "Expendable"; Wilma Moore, Springfield Fire & Marine Insurance Co., "The Nurses' Aides' Place in the War Effort."

Utica—Credit Women's Group is proud of Miss Dorothy Jensen, a member who has joined the "Waves." She was assistant Credit Manager of Central New York Power Co. She left on Feb. 9 to begin training at the University of Oklahoma. She was honor guest at a party given by the Credit Women when she was the recipient of a gift.

Cleveland: March 3 is the date set for the annual Keno Party and drawing of the Credit Women's Club of this Association. The party will be held at the Mid-Day Club.

Philadelphia: Charles B. Weidman, Credit Manager of the Philadelphia Terminals Auction Company, was the speaker at the February 11 meeting of the Credit Women's Club of the Philadelphia Association held at the New Century Club. His subject was "Selling Perishables on Credit." Mr. Weidman outlined how the

New York Women Hear Talk on Office Work

New York—On February 4, the New York Credit Women's Group held its usual monthly meeting and had as its guest speaker, Dr. Coleman L. Maze, President of the National Office Management Association and Professor of Management of New York University. The subject of his address was "Office Management."

The New York Credit Women's Group held their Luncheon and Bridge Party at the Belmont Plaza on January 23, 1943. This annual event to raise funds for the Helen R. Pouch Scholarship, was very successful both socially and as well, from a monetary standpoint.

Mrs. William Fraser gave the invocation and we had a short address from Mrs. William Pouch. Both of these ladies are charter members of the Group.

Plans have been formulated for a huge Red Cross drive. Last year, the Group contributed \$1,100 to the Red Cross. This drive was made in conjunction with the professional and business women's clubs, and the Group although one of the smaller units, was way on top in the amount raised. This year, the Group hopes to equal and possibly exceed this fine performance.

Terminals Auction Company handles the sale of fruits and vegetables in large quantities.

Albuquerque: The members of the Credit Women's Club of Albuquerque have volunteered to work after hours to promote the annual 1943 Red Cross drive in this area. Mercedes Golliglee, head of the Albuquerque Red Cross Association, outlined the need for special assistance at a recent meeting of the Credit Women's Club.

Binghamton: Roy W. Whipple demonstrated his color films of "Hershey and His Town of Chocolate" at the Feb. 18 meeting of the Triple Cities Credit Women's Club which was held at the Binghamton Club. The members of the club also engaged in what they call a White Elephant Sale, each member bringing one Christmas present she didn't wish to retain. These articles are then offered at auction.

Two New Orleans Women in Services

New Orleans: The New Orleans Credit Women's Club has two charter members now enrolled in the WAVES and WAACS. Gene Elliott is at Willard Hall, Room 413, Oklahoma A&M College, Stillwater, Okla. Hilda Iverson is at Fort Des Moines, Iowa, for her initial WAAC instruction and may be addressed Auxiliary Hilda Iverson, Company 10, Regiment 3, Fort Des Moines, Iowa. Miss Natalie Catalanello was recently honored at a large dinner party at Arnaud's Restaurant in honor of her twentieth anniversary with the Shuler Supply Company.

Zebras Fete Alpha Nu's At Valentine Party In Los Angeles

Los Angeles: Los Angeles Zebra Herd No. 1 outdid itself in entertaining the Alpha Nu on Friday night, Feb. 12, at the famous Riviera Cafe.

The occasion was a reciprocal Valentine party, repaying the girls for a splendid evening the year previous.

Well deserved was this party as both Alpha Nu and Zebra teams have kept LACMA membership at the top with reserve enthusiasm for the coming year.

Special introductions of the officers were as follows:

Zebras—Les, Fishbeck, Exalted Super-Zeb; Bob Murchison, Most Noble Zeb; Lew Ashby, Royal Striper; Lee Fortner, Three Horse Power Burro; Ray Daugherty, Keeper of the Zoo; Vane Chase, Zebratary; and Bob Downer, Royal Scribe.

Alpha Nu—Lucy Kyriess, Royal Hooter; Vivien Barton, Royal Gunk; Mary Jane Weidman, Royal Grabber; Elva Mae Vogel, Royal Scratcher.

Altogether there were 48 present which shows Los Angeles really does things; they work hard and play hard. We look forward to big things in 1943 with the theme "Match Your Membership With a Member."

Toledo: The Zebra Herd of the Toledo Association of Credit Men awarded prizes for the best papers written by the Credits and Collections Class sponsored by the Toledo Chapter of the National Institute of Credit. The first prize of \$12.50 was won by Paul Schemenauer, of the Lee and Cady Company, Toledo. The second prize of \$7.50 was won by Richard Cook and a third prize, a copy of 1943 Credit Manual of Commercial Laws, was won by John Leahey.

Minneapolis: William H. Kelty, Research Editor of the Minneapolis Star Journal, spoke before the Minneapolis Wholesale Credit Women's Club at the Y. W. C. A. on Thursday, Feb. 11, on the subject: "Post War Industrial Problems." Miss Melba Gahrning, president of the club, presided. The program also included a debate on the subject: "Resolved: That Under the New Pay-as-you-go System for Payment of Federal Income Taxes, the 1942 Taxes Should Be Forgiven."

Employment Mart

WANTED: Man experienced in credits and collections retail lumber and fuel yards to work in Northern Illinois towns for reliable firm in business over 60 years. Address: Hunter Associates, Inc., Dixon, Ill.

ASSISTANT CREDIT MANAGER:—Accounting experience, associated with New York City bank, credit reporting agency. Certificate award, National Institute of Credit, also Summer Institute of Credit Management, Babson Park. Development, major consideration. Age 31. Married. Deferred. Prefer Eastern house. Address Box 31-M.

**Raymond Hough, Jr.,
Gets Commission
And a Son on Same Day**

New York: The many friends of Raymond Hough, Manager of the Service Bureaus of the New York Credit Men's Association, have been congratulating him on a double red letter event in his family. The first feature of the double celebration was the birth of a grandson, Wade, the son of Lieutenant and Mrs. Raymond Hough, Jr. The second was the receipt of a commission as a lieutenant in the Army Air Corps by Raymond, Jr.

Lieutenant Hough entered the service last April and took his officer's training at Miami Beach, being graduated among the first ten in his class. He is now attending a special Officer's Service School in Virginia. Before he entered the Service, Lieutenant Hough was employed in the Advertising Department of Montgomery Ward & Company in New York City.

**125 Attend Annual
Dance at Syracuse**

Syracuse: About 125 were on hand for the annual dinner-dance and women's night of the Syracuse Association of Credit Men held in the Roof Garden of Hotel Onondaga. While the attendance at the annual party this year was large, a number of prominent members of the Syracuse Association were unable to attend owing to military service. A check-up shows that ten men from the Association are now in service. Joseph Reese, Secretary on leave, is now attending Officer's Candidate School at Camp Croft, S. C., and Carl Jacobson, the Vice President of the Association, is in the Army Air Force in Northern Africa.

**Tells of Tramping
Trip in Russia**

Rochester: Dr. Arthur J. May, Professor of History at the University of Rochester, and known in this area as the punster of the University faculty, gave an interesting talk at the February 10th meeting of the Rochester Association of Credit Men held at Hotel Seneca. His subject was "Our Russian Ally." Dr. May completed a 2,000 mile tour of Russia in the fall months of 1939 and thus spoke from first-hand knowledge of conditions in the country which has been so prominent in the war news.

**Philadelphians Study
Post-War Economics**

Philadelphia: The February dinner meeting of the Credit Men's Association of Eastern Pennsylvania, held at the New Century Club on Feb. 24, had as its theme "Post-War Economics."

The speakers on the subject were Dr. Howard M. Teaf, Jr., of Haverford College; J. Wilson Steinmetz, Vice President, Ninth Bank & Trust Company of Phila-

delphia, and Paul M. Williams, Executive Department, American Credit Indemnity Company.

The invitation for this dinner stressed the importance of members bringing their questions to be answered by the speakers conducting the panel.

**Clevelanders Hear
Talk by Sam Vining**

Cleveland: Sam Vining, who is Manager of Department Store Sales for Westinghouse, was the speaker at the Feb. 24 luncheon meeting held in the English Room of the Hotel Carter. Mr. Vining who has been called the "Will Rogers of the Electrical Industry" delighted his audience but left many important ideas for his hearers to consider.

**Phoenix Stages
Tax Round-Table**

Phoenix—A round table discussion of today's tax situation and the responsibility of individuals and corporations was presented by the Wholesalers Credit Assn. of Phoenix in the Arizona Club on Jan. 27 with James A. Smith, local CPA, as guest speaker. Among the points considered were the "pay-as-you-go" plan, the proportion of the national budget devoted to war activity, possible refunds in the post-war period, and other pertinent aspects.

**P. & G. Man Talks on
Credit Information**

Cincinnati: F. M. Hulbert, who has been attached to the Credit Department at the main office of the Procter and Gamble Company in this city, was the speaker at the Feb. 2 Credit Club luncheon held in Hotel Sinton. Mr. Hulbert spoke on "Control of Credit Information."

Newark: Henry D. Williams, of Jos. T. Ryerson, spoke at the Feb. 9 meeting of the New Jersey Credit Women's Club on the general subject of "Memory Development." The next meeting will be on March 9 when the subject of discussion will be "Styles and Their Effect on Inventory Turnover."

Milwaukee: The Credit Women's Club of the Milwaukee Association of Credit Men held its regular monthly meeting Tuesday, Feb. 16, at the Milwaukee Athletic Club. 6.15 dinner. Twenty-five members were in attendance. The speaker was Lewis Stocking, President of the Milwaukee Optimist Club (attorney with the law firm of Nohl, Petrie & Blume, Milwaukee)—who spoke to our group on "Optimism."

Hayes Advanced

Pittsburgh—F. Deane Hayes, well-known to NACM members as Credit Manager of the West Penn Power Co., has been ad-



First—
**INVEST IN
AMERICA!
BUY
UNITED STATES
WAR
SAVINGS BONDS**



**And Then—Invest in
Yourself
by Credit STUDY**

Never before has the challenge to *know* been greater. Today's credit executive must *know* his job from A to Z.

He must be prepared for war-time . . . and post-war . . . problems. That requires ability and initiative — *and background knowledge.*

The best background *knowledge* comes from education. That's why the NIC course in Credits and Collections is a "MUST" for 1943.

Return the coupon today to the National Institute of Credit.

Let us tell you how we are prepared to help *you* meet the credit problems of today and tomorrow!

Your interest in your credit future is certainly worth a 3¢ stamp! Fill in this coupon and mail it today to . . .

THE NATIONAL INSTITUTE OF CREDIT

One Park Avenue, New York Dept. 343

Please send me full information about your course in Credits and Collections.

Name

Street

City..... State.....

vanced to the post of Assistant Treasurer of his company. Retaining his present position as Credit Manager, Mr. Hayes succeeds E. S. Haymond, who has been named Treasurer of the company following the resignation of W. R. Hinchman.

Harry Cooper Dies; Had Been in Bureau Work for 27 Years

Minneapolis: Harry A. Cooper, 70, estates manager of Associated Creditors, Inc., died of heart failure after a short illness Feb. 12. Harry was widely known throughout the National system, particularly the affiliated Adjustment Bureaus. He had been in the Adjustment Bureau service for over 27 years, beginning with the former Northwestern Jobbers Credit Bureau, St. Paul, as merchandising manager, later as merchandising manager, later as assistant manager and then manager.

At the time of the discontinuance of Adjustment Bureau work on the part of Northwestern Jobbers Credit Bureau, Harry Cooper became, very naturally, Estates Manager of the Northwestern Jobbers Credit Bureau's successor, Associated Creditors, Inc., in which capacity he has served since March, 1941, until the time of his death.

New Bill on Bulk Sales in Minnesota

Minneapolis: The Association-sponsored Bulk Sales Law has been introduced in both the House and the Senate of the Minnesota Legislature, and Chairman John Miller of the Legislation Committee reports progress. This will give Minnesota a Bulk Sales Law that is really effective.

Tells of F.B.I. Work

Grand Rapids: The Thursday noon Credit Conference held in the Federal Square dining room on Feb. 4 was addressed by W. M. McFarlen in charge of the Grand Rapids office of the Federal Bureau of Investigation. His subject was "The F.B.I. in Wartime."

Corporation Reports and Taxes for March and April

ALABAMA—Annual Franchise Tax Return due between January 1 and March 15.—Domestic and Foreign Corporations.

Income Tax Return and Returns of Information at the source due on or before March 15.—Domestic and Foreign Corporations.

Annual Franchise Tax due April 1, but may be paid without penalty until April 30.—Domestic and Foreign Corporations.

ARIZONA—Income Tax Return and Returns of Information at the source due on or before March 15.—Domestic and Foreign Corporations.

Annual Statement of Mining Compa-

nies due between January 1 and April 1.—Domestic and Foreign Corporations engaged in mining of any kind.

CALIFORNIA—Franchise (Income) Tax Return and Payment of one-half of tax due on or before March 15.—Domestic and Foreign Corporations.

Quarterly Retail Sales Tax Return and Payment due on or before April 15.—Domestic and Foreign Corporations.

COLORADO—Annual Report due on or before March 15.—Domestic and Foreign Corporations.

Income Tax Return due on or before April 15.—Domestic and Foreign Corporations.

Annual License Tax due on or before May 1.—Domestic and Foreign Corporations.

CONNECTICUT—Income Tax Return due on or before April 1.—Domestic and Foreign Corporations.

DELAWARE—Returns of Information at the source due on or before March 15.—Domestic and Foreign Corporations making certain payments of dividends interest or other income to citizens or residents of Delaware.

Annual Franchise Tax due after April 1 and before July 1.—Domestic Corporations.

DISTRICT OF COLUMBIA—Income Tax Return due on or before April 15.—Domestic and Foreign Corporations.

DOMINION OF CANADA—Income Tax and Excess Profits Tax Return due on or before April 30.—Domestic and Foreign Corporations.

Annual Summary due on or before June 1.—Dominion Companies.

GEORGIA—Income Tax Return and Returns of Information at the source due on or before March 15.—Domestic and Foreign Corporations.

Intangible Property Tax Return due on or before March 15.—Domestic and Foreign Corporations.

IDAHO—Income Tax Return and Returns of Information at the source due on or before March 15.—Domestic and Foreign Corporations.

INDIANA—Quarterly Gross Income Tax Return and Payment due on or before April 15.—Domestic and Foreign Corporations.

IOWA—Income Tax Return, Return of Taxes withheld at the source and Returns of Information at the source due on or before March 31.—Domestic and Foreign Corporations.

Quarterly Retail Sales Tax Return and Payment due on or before April 20.—Domestic and Foreign Corporations.

KANSAS—Annual Report and Franchise Tax due on or before March 31.—Domestic and Foreign Corporations.

Income Tax Return due on or before April 15.—Domestic and Foreign Corporations.

KENTUCKY—Returns of Information at the source due on or before March 15.—Domestic and Foreign Corporations.

Income Tax Return and Corporation License Tax Return due on or before April 15.—Domestic and Foreign Corporations.

MARYLAND—Annual Report (Personal Property Tax Return) due on or before April 15.—Domestic Corporations.

Annual Report (Personal Property Tax Return) and Filing Fee due on or before April 15.—Foreign Corporations.

Annual Franchise Tax Report and Payment due on or before April 15.—Domestic Corporations.

Income Tax Return due on or before April 15.—Domestic and Foreign Corporations.

MASSACHUSETTS—Excise Tax Return due on or before April 10.—Domestic and Foreign Corporations.

MICHIGAN—Intangible Personal Property Tax Return due on or before April 1.—Domestic and Foreign Corporations.

MINNESOTA—Income Tax Return due on or before March 15.—Domestic and Foreign Corporations.

Annual Report due between January 1 and April 1.—Foreign Corporations.

MISSISSIPPI—Income Tax Return and Returns of Information at the source due on or before March 15.—Domestic and Foreign Corporations.

MISSOURI—Income Tax Return due on or before March 15.—Domestic and Foreign Corporations.

MONTANA—Returns of Information at the source due on or before March 15.—Domestic and Foreign Corporations.

Annual Statement due within two months from April 1.—Foreign Corporations.

NEBRASKA—Statement to Tax Commissioner due on or before April 15.—Foreign Corporations.

NEVADA—Annual Statement of Business due not later than month of March.—Foreign Corporations.

NEW HAMPSHIRE—Annual Return due on or before April 1.—Domestic and Foreign Corporations.

Franchise Tax due on or before April 1.—Domestic Corporations.

NEW MEXICO—Franchise Tax Return due on or before March 15.—Domestic and Foreign Corporations.

Return of Information at the source due on or before April 1.—Domestic and Foreign Corporations.

Income Tax Return due on or before April 15.—Domestic and Foreign Corporations.

Franchise Tax due on or before May 1.—Domestic and Foreign Corporations.

NEW YORK—Annual Franchise (Income) Tax Return (Form 3 IT—Article 9A, Tax Law) due on or before May 15, together with one-half of tax.—Domestic and Foreign Business Corporations.

NORTH CAROLINA—Income Tax Return and Returns of Information at the source due on or before March 15.—Domestic and Foreign Corporations.

Intangible Property Tax Return due on or before March 15.—Domestic and Foreign Corporations.

NORTH DAKOTA—Income Tax Return and Returns of Information at the source due on or before March 15.—Domestic and Foreign Corporations.

Quarterly Retail Sales Tax Return and Payment due on or before April 20.—Domestic and Foreign Corporations.

Annual Report due between January 1 and April 1.—Foreign Corporations.

OHIO—Annual Franchise Tax Report due

Business Thermometer

Wholesalers' Sales, Inventories, and Credits December, 1942



Sales of wholesalers advanced 5 per cent in December, 1942, over December a year ago, according to an announcement released today by J. C. Capt, Director of the Census. In November, 1942, as compared with the corresponding month of 1941, wholesale dollar volume increased 10 per cent. The gain between November and December of this year was 5 per cent. Sales for the 12 months of 1942 were 14 per cent above those for the year 1941. This may be compared with the 31 per cent increase reported for 1941 over 1940.

This monthly study is conducted jointly by the National Association of Credit Men and the Bureau of the Census. Detailed figures are presented in the following table in summary for the United States, and insofar as the data permit without disclosing individual operations, by geographic divisions.

Twenty-three of the 35 trades for which separate data are presented in this report showed increases in sales for December of this year compared with December, 1941, 2 (industrial hardware supplies and petroleum) showed only slight decreases, while 10 registered larger losses. Wholesalers of shoes and other footwear recorded an increase of 35 per cent; groceries and foods (specialty lines), 27 per cent; dry goods and wines and liquors, each 24 per cent; groceries and foods (retailers-cooperative warehouses), 22 per cent; meats and meat products, 20 per cent; tobacco and its products, 16 per cent; drugs and sundries, 15 per cent; liquor departments of other trades, 14 per cent; and groceries and foods (voluntary group and full-line), 11 per cent. Substantial sales decreases were shown for wholesalers of electrical goods (23%), jewelry (19%), and general hardware and furniture and house furnishings (each 18%). A 9 per cent sales loss was recorded for each of the following wholesalers: Automotive supplies, lumber and building

materials, and machinery, equipment, and supplies, except electrical.

Inventories, in terms of dollars based on cost values, at the close of December were at approximately the same level as that of November of this year. Inventories at the close of December, 1942, were 23 per cent below those for the same date last year, continuing the decline in evidence at the beginning of 1942.

The stock-sales ratio for wholesalers at the close of December, 1942, was 110 as against 144 for December, 1941, and 115 for November, 1942. Of the 32 trades for which stock-sales ratios are shown, only 3 registered increases in their ratios for December, 1942, compared with those for December, 1941, and 29 showed decreases. Wholesalers of paper and its products, with a 13 per cent decrease in sales and a slight (2%) increase in inventories, registered a stock-sales ratio of 159 for December, 1942, as compared with 135 for December a year ago. Plumbing and heating supplies wholesalers, with a sales loss of 12 per cent and a 39 per cent decrease in inventories, recorded a stock-sales ratio of 106 for December of this year as against a ratio of 142 for December, 1941. Wholesalers of shoes and other footwear, clothing and furnishings (except shoes), dry goods, electrical goods, and confectionery are among others that showed decreases in stock-sales ratios at the close of December, 1942.

Collections on accounts receivable were up more than 21 per cent for December, 1942, compared with December, 1941, and up 8 per cent compared with November, 1942. The collection ratio for December of this year was 103; for December of last year, 85; and for November, 1942, 95. Accounts receivable were 12 per cent less on December 1, 1942, than on December 1, 1941. Accounts receivable on December 1, 1942, were 6 per cent below those recorded for the beginning of November, 1942.

between January 1 and March 31.—Domestic and Foreign Corporations.

Annual Statement of Proportion of Capital Stock due between January 1 and March 31.—Foreign Corporations.

OKLAHOMA—Income Tax Return due on or before March 15.—Domestic and Foreign Corporations.

OREGON—Excise (Income) Tax Return due on or before April 1.—Domestic and Foreign Corporations.

PENNSYLVANIA—Capital Stock Tax Report and Tax and Corporate Loans Report and Tax due on or before March 15.—Domestic Corporations.

Franchise Tax Report and Tax and Corporate Loans Tax Report and Tax due on or before March 15.—Foreign Corporations.

Bonus Report due on or before March 15.—Foreign Corporations.

Bonus Report due on or before March 15.—Domestic Corporations.

Income Tax Return due on or before April 15.—Domestic and Foreign Corporations.

RHODE ISLAND—Semi-Annual Report to Department of Labor due in April and October.—Domestic and Foreign Corporations employing five or more persons in Rhode Island.

SOUTH CAROLINA—Income Tax Return and Returns of Information at the source due on or before March 15.—Domestic and Foreign Corporations.

SOUTH DAKOTA—Income Tax Return and Returns of Information at the source due on or before March 31.—Domestic and Foreign Corporations.

TEXAS—Annual Franchise Tax Report due between January 1 and March 15.—Domestic and Foreign Corporations.

Annual Franchise Tax due on or before May 1.—Domestic and Foreign Corporations.

UNITED STATES—Annual Return of Net Income due on or before March 15.—Domestic Corporations and Foreign Corporations having an office or place of business in the United States.

UTAH—Income (Franchise) Tax Return due on or before March 15.—Domestic and Foreign Corporations.

VERMONT—Extension of Certificate of Authority due on or before April 1.—Foreign Corporations.

Income (Franchise) Tax Return due on or before March 15.—Domestic and Foreign Corporations.

VIRGINIA—Income Tax Return and Returns of Information at the source due on or before April 15.—Domestic and Foreign Corporations.

WEST VIRGINIA—Returns of Information at the source due on or before March 15.—Domestic and Foreign Corporations.

Annual License Tax Report due in April.—Foreign Corporations.

Quarterly Business and Occupation (Gross Sales) Tax Return and Payment due on or before April 30.—Domestic and Foreign Corporations.

WISCONSIN—Income Tax Return and Returns of Information at the source due on or before March 15.—Domestic and Foreign Corporations.

Annual Report due between January 1 and April 1.—Domestic and Foreign Corporations.

Wholesalers' Sales and Inventories—December 1942

Kind of Business	Sales—Current Month				Sales—Year-to-Date		Inventory—End-of-Month (At Cost)				Stock-Sales Ratios a		
	Number of firms reporting sales	Percent Change		December 1942 (Add 000)	Percent change from 12 Mos. 1941	Twelve Months 1942 (Add 000)	Number of firms reporting stocks	Percent Change		Dec. 31, 1942 (Add 000)	Dec. 1942	Dec. 1941	Nov. 1942
		Dec. 1942 vs. Dec. 1941	Dec. 1942 vs. Nov. 1942					Dec. 1942 vs. Dec. 1941	Dec. 1942 vs. Nov. 1942				
United States.....	2,697	+ 5	+ 5	\$307,886	+14	\$4,412,636	1,582	-23	b	\$168,039	110	144	115
Automotive Supplies.....	200	- 9	+ 2	4,176	- 4	59,495	97	-22	b	3,601	191	200	187
Chemicals (industrial).....	19	+ 4	+ 9	2,087	+10	25,549	15	+ 2	- 4	1,054	58	61	68
Paints and Varnishes.....	64	+ 8	-31	2,547	+18	41,230	18	- 4	+ 6	1,453	245	247	199
Clothing and Furnishings, except Shoes.....	39	+38	-11	2,904	+13	43,176	21	-17	+ 6	1,038	146	234	108
Shoes and Other Footwear.....	33	+35	+16	18,116	+24	209,143	18	-27	+10	5,420	71	161	80
Coal.....	7	+23	+18	1,188	+20	19,776	c	c	c	c	c	c	c
Drugs and Sundries (liquor excluded).....	120	+15	+ 4	23,116	+14	281,423	33	+ 2	- 3	7,550	174	196	187
Dry Goods.....	87	+24	-21	11,371	+27	207,505	45	-16	+11	9,722	189	245	123
Electrical Goods.....	305	-23	+ 7	27,130	- 5	418,546	266	-55	- 7	15,106	58	103	67
Dairy and Poultry Products.....	25	+13	- 3	3,098	+33	36,106	12	-04	-26	138	17	58	26
Fresh Fruits and Vegetables.....	85	+21	+15	3,993	+25	67,418	55	+ 1	+ 4	561	22	24	24
Farm Supplies.....	10	+22	+121	861	+42	9,859	c	c	c	c	c	c	c
Furniture and House Furnishings.....	59	-18	-11	4,395	+ 4	106,640	33	-22	+ 1	6,988	228	240	203
Groceries and Foods, except Farm Products.....	595	+15	+ 8	60,374	+16	833,410	357	-14	b	39,550	112	150	121
Full-line Wholesalers d.....	308	+11	+ 7	24,115	+16	337,543	185	-13	+ 1	18,891	129	167	140
Voluntary-group Wholesalers.....	136	+11	+10	19,763	+14	287,544	92	-14	b	12,608	132	172	145
Retailer-cooperative Warehouses.....	21	+22	+11	5,091	+15	56,188	10	-20	- 5	2,645	98	133	112
Specialty Lines.....	130	+27	+ 5	11,405	+22	152,135	70	-10	- 2	5,406	63	92	69
Confectionery.....	39	+45	+13	1,083	+33	11,176	23	-28	- 9	203	46	80	55
Meats and Meat Products.....	90	+20	+ 2	34,077	+43	430,958	67	+ 8	+ 2	6,304	43	49	42
Beer.....	55	+19	+ 5	1,109	+22	15,172	45	+54	+ 2	498	52	40	54
Wines and Liquors.....	26	+24	+35	7,264	+32	87,426	20	+ 2	- 4	8,586	126	151	177
Liquor Department of Other Trades e.....	38	+14	+46	8,814	+42	83,065	7	-22	+ 6	898	101	180	154
Total Hardware Group.....	341	-13	+ 2	34,715	+ 9	622,226	214	-30	b	38,466	176	215	180
General Hardware.....	135	-18	+ 1	19,187	+ 4	348,311	81	-33	+ 1	26,592	213	254	217
Industrial Supplies.....	104	- 2	+ 6	9,561	+20	187,206	70	-14	+ 1	8,961	135	159	144
Plumbing and Heating Supplies.....	102	-12	- 2	5,967	+ 7	86,709	63	-39	- 3	2,913	106	142	101
Jewelry.....	33	-19	+ 6	2,484	+ 2	30,713	20	-10	-12	2,734	156	158	188
Optical Goods.....	18	+ 9	-10	279	+ 9	4,257	7	+ 5	- 4	142	126	142	126
Lumber and Building Materials.....	47	- 9	-16	2,558	+10	63,550	33	-12	+ 2	2,357	134	139	106
Machinery, Equipment and Supplies, except Electrical.....	54	- 9	+ 4	2,033	+ 6	49,699	37	-16	+ 2	2,111	132	135	127
Surgical Equipment and Supplies.....	21	+ 5	+ 2	843	+22	16,816	13	+ 9	+ 3	734	110	109	108
Metals.....	28	-10	- 3	2,690	- 8	70,991	15	-25	+ 7	2,310	128	152	112
Paper and Its Products.....	87	-13	+ 7	6,556	+ 2	93,665	42	+ 2	- 2	5,881	159	135	178
Petroleum.....	8	- 2	- 1	22,578	+10	253,169	5	-22	+15	620	57	62	43
Tobacco and Its Products.....	127	+16	+21	13,066	+12	185,765	39	- 4	+ 7	1,659	41	48	44
Leather and Shoe Findings.....	18	+11	+ 2	441	+36	4,410	c	c	c	c	c	c	c
Miscellaneous.....	19	+10	+ 2	1,940	+11	30,302	25	- 7	- 1	2,355	175	177	174

a These stock-sales ratios are percentages obtained by dividing stocks by sales for an identical group of firms.
d Not affiliated with voluntary or cooperative groups.

b Less than 0.5 percent.

c Insufficient data to show separately.

e Chiefly of the wholesale drug trade.

Wholesalers' Accounts Receivable and Collections—December 1942

Kind of Business	Number of firms reporting	Collection Percentages a			Accounts Receivable		
		December 1942	December 1941	November 1942	Percent change		As of December 1, 1942 (Add 000)
					Dec. 1942 vs. Dec. 1941	Dec. 1942 vs. Nov. 1942	
United States.....	2,027	103	85	95	-12	- 6	\$215,977
Automotive Supplies.....	149	86	76	83	-31	- 1	3,154
Chemicals (industrial).....	19	87	92	90	+25	+24	2,203
Paints and Varnishes.....	31	64	53	64	-21	-11	1,228
Clothing and Furnishings, except Shoes.....	37	75	62	68	- 9	-16	5,124
Shoes and Other Footwear.....	29	81	58	73	-13	-20	9,222
Coal.....	7	81	74	77	+ 4	- 3	1,342
Drugs and Sundries (liquor excluded).....	49	96	77	84	- 7	- 7	7,925
Dry Goods.....	78	78	61	66	-10	- 9	19,111
Electrical Goods.....	208	73	80	77	-12	- 4	24,264
Dairy and Poultry Products.....	19	155	153	145	+24	+ 1	1,969
Fresh Fruits and Vegetables.....	65	167	143	153	+18	+ 1	1,547
Farm Supplies.....	7	142	99	94	-16	-22	367
Furniture and House Furnishings.....	48	81	60	71	-33	-10	6,274
Groceries and Foods, except Farm Products.....	449	135	111	115	- 5	- 6	37,712
Full-line Wholesalers.....	217	128	107	112	- 4	- 9	14,813
Voluntary-group Wholesalers.....	111	143	111	121	-10	- 6	11,748
Retailer-cooperative Warehouses.....	17	236	198	192	+ 1	- 3	1,894
Specialty Lines.....	104	114	98	95	+26	- 5	9,257
Confectionery.....	21	107	89	95	+16	- 5	414
Meats and Meat Products.....	80	153	176	196	+20	+15	18,018
Beer.....	26	122	107	122	- 2	- 3	301
Wines and Liquors.....	20	115	92	120	+14	-13	4,995
Total Hardware Group.....	316	83	70	81	-26	- 7	40,123
General Hardware.....	124	88	68	83	-38	-11	21,933
Industrial Supplies.....	94	80	78	82	+ 2	- 6	10,252
Plumbing and Heating Supplies.....	98	75	71	74	-14	- 4	7,938
Jewelry.....	25	58	29	44	-49	- 6	3,668
Optical Goods.....	16	74	68	89	- 2	+10	338
Lumber and Building Materials.....	42	95	77	85	-18	-10	3,258
Machinery, Equipment and Supplies, except Electrical.....	47	83	78	80	- 6	- 7	2,380
Surgical Equipment and Supplies.....	20	68	48	60	- 3	- 4	1,233
Metals.....	27	110	97	117	-13	+11	2,522
Paper and Its Products.....	72	74	69	68	-18	- 1	7,453
Petroleum.....	5	161	158	175	+10	+ 1	704
Tobacco and Its Products.....	79	153	128	126	- 2	- 3	6,244
Leather and Shoe Findings.....	16	44	30	42	- 9	- 5	659
Miscellaneous.....	22	99	88	92	+ 4	- 9	2,195

a Collection percentages are obtained by dividing the collections by accounts receivable for an identical group of firms.

b Less than 0.5 percent.